

Consolidated Financial Statements
(In USD)

Lumine Group Inc.

For the years ended December 31, 2023 and 2022



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Lumine Group Inc.

Opinion

We have audited the consolidated financial statements of Lumine Group Inc. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2023 and December 31, 2022
- the consolidated statements of income (loss) for the years then ended
- the consolidated statements of comprehensive income (loss) for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Determination of distinct professional services performance obligation in customer contracts containing multiple performance obligations and estimation of hours to complete for certain percentage-of-completion (POC) arrangements

Description of the matter

We draw attention to Notes 2(d) and 3(l) to the financial statements. The Entity has recognized revenue of \$499,669 thousand. Typically, the Company enters into contracts that contain multiple products and services such as software licenses, hosted software-as-a-service, maintenance, professional services, and hardware. The Entity uses significant judgment to assess whether professional services sold in a customer contract are considered distinct and should be accounted for as separate performance obligations. Revenue from the license of software that involves complex implementation or customization that is not distinct, and/or includes sales of hardware that is not distinct, is recognized as a combined performance obligation using the percentage-of-completion method based primarily on labour hours. The Entity applies significant judgment to determine the estimated hours to completion which affects the timing of revenue recognized for professional services and non-distinct license and hardware.

Why the matter is the key audit matter

We identified the determination of distinct professional services performance obligations in customer contracts containing multiple performance obligations and the estimation of hours to complete for certain POC arrangements, being contracts where revenue recognition is based on estimated hours to completion, as a key audit matter. Significant auditor judgment was required to evaluate the Entity's significant judgments of whether professional services are distinct or non-distinct and the estimated hours to completion for arrangements that are completed over an extended period. There was an increased extent of audit effort required to address this matter.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We evaluated the design and tested the operating effectiveness of certain controls over revenue recognition including controls related to the Entity's process to identify distinct professional services performance obligations in certain customer contracts and controls over the estimation of hours to completion for POC arrangements, inclusive of executed contract amendments and change orders.

For a selection of new customer contracts, we assessed the Entity's determination of distinct or non-distinct professional services performance obligations, if any, by examining the contract source documents, comparing to the Entity's past assessments for similar contracts, and practices observed in the Entity's industry.

For a selection of POC arrangements where revenue recognition is based on the estimated hours to completion, we interviewed operational personnel responsible for the contract. We obtained an understanding of the original estimated hours to completion and any increase or decrease to the estimated hours to completion as the contract progresses and inspected correspondence such as project planning documents and change requests, if any, between the Entity and its customers.

In addition, we assessed the Entity's historical ability to accurately estimate hours to complete by performing an analysis of a selection of completed contracts to compare actual hours incurred upon completion to the initial estimated hours to completion.



Evaluation of acquisition-date fair value of intangible assets acquired in the WideOrbit business combination

Description of the matter

We draw attention to Notes 3(a)(i), 3(f) and 4(a) to the financial statements. On February 22, 2023, the Entity completed the acquisition of 100% of the shares of WideOrbit Inc. ("WideOrbit") for a purchase price of \$504,143 thousand which was funded through a combination of cash of \$167,259 thousand, repayment of WideOrbit debt of \$115,554 thousand, and the issuance of 10,204,294 Special Shares of \$221,841 thousand. In connection with this transaction, the Entity recorded technology assets and customer assets (collectively, the intangible assets). The Entity uses discounted cash flow methodology to determine the fair value of the intangible assets. The acquisition date fair value for the intangible assets was \$501,000 thousand. In determining the fair value of the intangible assets at the acquisition date, the Entity's significant assumptions include forecasted cash flows and the discount rates applied.

Why the matter is a key audit matter

We identified the evaluation of acquisition-date fair value of intangible assets acquired in the WideOrbit business combination as a key audit matter. This matter represented a significant risk of material misstatement due to the magnitude of the balances and the high degree of estimation uncertainty in determining the fair value of intangible assets. In addition, significant auditor judgment and involvement of those with specialized skills and knowledge were required in performing and evaluating the results of our procedures due to the sensitivity of the fair value of the intangible assets to minor changes in certain significant assumptions.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We evaluated the forecasted cash flows by considering past performance, industry data and publicly available market data for comparable entities.

We involved valuations professionals with specialized skills and knowledge, who assisted in assessing the discount rates embedded in the valuation model by comparing the transaction internal rate of return ("IRR"), weighted-average return on assets and the perceived risk inherent in each intangible asset relative to the risk of the overall Entity. We assessed the IRR and compared it to an independently calculated weighted-average cost of capital based on market inputs.

Other Information

Management is responsible for the other information. Other information comprises:

- The information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is Shaun Matthew Smith.

Vaughan, Canada

March 4, 2024

Lumine Group Inc.

Consolidated Statements of Financial Position

(In thousands of USD. Due to rounding, numbers presented may not foot.)

	December 31, 2023	December 31, 2022
		<i>Adjusted (note 2(b))</i>
Assets		
Current assets:		
Cash	\$ 146,509	\$ 67,085
Accounts receivable	104,955	64,849
Unbilled revenue (note 20)	39,858	9,805
Inventories	521	60
Other assets (note 5)	40,392	23,087
	332,235	164,886
Non-current assets:		
Property and equipment (note 6)	4,164	3,115
Right of use assets (note 7)	11,973	5,349
Deferred income taxes (note 14)	6,197	2,931
Other assets (note 5)	13,063	8,492
Intangible assets and goodwill (note 8)	780,164	208,053
	815,561	227,940
Total assets	\$ 1,147,796	\$ 392,826
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 97,722	\$ 65,362
Due to related parties, net (note 25)	2,380	35,466
Current portion of bank debt (note 9)	3,071	975
Deferred revenue (note 20)	91,752	61,547
Provisions (note 11)	-	22
Acquisition holdback payables	319	1,242
Lease obligations (note 12)	6,358	2,069
Income taxes payable	12,873	8,413
Preferred and Special Securities (note 10 and note 19)	4,469,996	-
	4,684,471	175,096
Non-current liabilities:		
Deferred income taxes (note 14)	136,874	34,025
Bank debt (note 9)	149,636	18,138
Lease obligations (note 12)	6,921	4,719
Other liabilities (note 5)	12,995	7,068
	306,426	63,950
Total liabilities	4,990,897	239,046
Equity (note 15):		
Capital stock	-	-
Contributed surplus	(1,015,661)	162,692
Accumulated other comprehensive income (loss)	(6,296)	(8,912)
Retained earnings (deficit)	(2,821,144)	-
	(3,843,101)	153,780
Subsequent events (note 10(c))		
Total liabilities and equity	\$ 1,147,796	\$ 392,826

See accompanying notes to the consolidated financial statements.

Lumine Group Inc.

Consolidated Statements of Income (Loss)

(In thousands of USD, except per share amounts. Due to rounding, numbers presented may not foot.)

	Years ended December 31,	
	2023	2022
		<i>Adjusted</i> <i>(note 2(b))</i>
Revenue		
License	\$ 46,140	\$ 38,731
Professional services	89,312	49,771
Hardware and other	19,864	7,273
Maintenance and other recurring	344,353	159,970
	499,669	255,745
Expenses		
Staff	252,941	134,316
Hardware	13,042	4,617
Third party license, maintenance and professional services	29,445	11,040
Occupancy	3,680	2,936
Travel, telecommunications, supplies, software and equipment	21,497	11,610
Professional fees	16,561	12,289
Other, net	9,913	6,334
Depreciation	7,890	5,303
Amortization of intangible assets (note 8)	81,223	31,836
	436,192	220,281
Redeemable Preferred and Special Securities expense (note 10)	2,870,997	-
Finance and other expenses (income) (note 16)	11,085	(414)
	2,882,082	(414)
Income (loss) before income taxes	(2,818,605)	35,878
Current income tax expense (recovery) (note 13)	24,795	15,742
Deferred income tax expense (recovery) (note 13)	(17,146)	(7,266)
Income tax expense (recovery)	7,649	8,476
Net income (loss)	\$ (2,826,254)	\$ 27,402
Weighted average shares outstanding (note 17):		
Basic	72,499,119	63,582,713
Diluted	245,076,178	197,812,346
Earnings (loss) per share (note 17):		
Basic	\$ (38.98)	\$ 0.43
Diluted	\$ (38.98)	\$ 0.14

See accompanying notes to the consolidated financial statements.

Lumine Group Inc.

Consolidated Statements of Comprehensive Income (Loss)

(In thousands of USD. Due to rounding, numbers presented may not foot.)

	Year ended December 31,	
	2023	2022
		<i>Adjusted</i> <i>(note 2(b))</i>
Net income (loss)	\$ (2,826,254)	\$ 27,402
Items that are or may be reclassified subsequently to net income (loss):		
Foreign currency translation differences from foreign operations and other	2,616	(12,141)
Other comprehensive (loss) income for the year, net of income tax	2,616	(12,141)
Total comprehensive income (loss) for the year	\$ (2,823,638)	\$ 15,261

See accompanying notes to the consolidated financial statements.

Lumine Group Inc.

Consolidated Statement of Changes in Equity

(In thousands of USD. Due to rounding, numbers presented may not foot.)

Year ended December 31, 2023	Capital stock	Contributed surplus	Accumulated other comprehensive (loss) income	Retained earnings (deficit)	Total equity
Balance at January 1, 2023	\$ -	\$ 162,692	\$ (8,912)	\$ -	\$ 153,780
<i>Total comprehensive income (loss) for the year:</i>					
Net income (loss)	-	-	-	(2,826,254)	(2,826,254)
<i>Other comprehensive income (loss):</i>					
Foreign currency translation differences from foreign operations and other	-	-	2,616	-	2,616
Total other comprehensive income (loss) for the year	-	-	2,616	-	2,616
Total comprehensive income (loss) for the year	-	-	2,616	(2,826,254)	(2,823,638)
Transaction with Parent, recorded directly in equity					
Capital contributions by Parent (notes 15 and 25)	-	22,451	-	-	22,451
Amalgamation with Lumine Group (Holdings) Inc. (note 1(b))	-	(1,200,804)	-	-	(1,200,804)
Special Share conversion (notes 15 and 19(f))	-	-	-	5,110	5,110
Balance at December 31, 2023	\$ -	\$ (1,015,661)	\$ (6,296)	\$ (2,821,144)	\$ (3,843,101)

See accompanying notes to the consolidated financial statements.

Lumine Group Inc.

Consolidated Statement of Changes in Equity

(In thousands of USD. Due to rounding, numbers presented may not foot.)

Adjusted (note 2(b))

Year ended December 31, 2022

	Capital stock	Contributed surplus	Accumulated other comprehensive (loss) income	Retained earnings (deficit)	Net parent investment	Total equity
Balance at January 1, 2022	\$ -	\$ -	\$ 3,229	\$ -	\$ 169,920	\$ 173,149
<i>Total comprehensive income (loss) for the year:</i>						
Net income (loss)	-	-	-	-	27,402	27,402
<i>Other comprehensive income (loss):</i>						
Foreign currency translation differences from foreign operations and other	-	-	(12,141)	-	-	(12,141)
Total other comprehensive income (loss) for the year	-	-	(12,141)	-	-	(12,141)
Total comprehensive income (loss) for the year	-	-	(12,141)	-	27,402	15,261
Transactions with Parent, recorded directly in equity						
Capital contributions by Parent	-	-	-	-	76,400	76,400
Dividends to Parent	-	-	-	-	(111,030)	(111,030)
Acquisition of Lumine Portfolio entities	-	162,692	-	-	(162,692)	-
Balance at December 31, 2022	\$ -	\$ 162,692	\$ (8,912)	\$ -	\$ -	\$ 153,780

See accompanying notes to the consolidated financial statements.

Lumine Group Inc.

Consolidated Statements of Cash Flows

(In thousands of USD. Due to rounding, numbers presented may not foot.)

	Year ended December 31,	
	2023	2022
		<i>Adjusted</i> <i>(note 2(b))</i>
Cash flows from (used in) operating activities:		
Net income (loss)	\$ (2,826,254)	\$ 27,402
Adjustments for:		
Depreciation	7,890	5,303
Amortization of intangible assets	81,223	31,836
Contingent consideration adjustments (note 19)	(729)	(2,130)
Preferred and Special Securities expense (income) (note 19)	2,870,997	-
Finance and other expenses (income)	11,085	(414)
Income tax expense (recovery)	7,649	8,476
Change in non-cash operating assets and liabilities exclusive of effects of business combinations (note 24)	(12,483)	(26,755)
Income taxes (paid) received	(31,150)	(9,093)
Net cash flows from (used in) operating activities	108,228	34,625
Cash flows from (used in) financing activities:		
Interest paid on lease obligations (note 12)	(626)	(204)
Interest paid on bank debt	(10,377)	(192)
Cash transferred from (to) Parent	(11,137)	104,871
Proceeds from issuance of bank debt (note 9)	185,914	19,666
Repayments of bank debt (note 9)	(50,897)	(244)
Transaction costs on bank debt (note 9)	(1,935)	(316)
Payments of lease obligations (note 12)	(5,282)	(2,781)
Issuance of Preferred Shares to Parent (note 10)	181,484	-
Dividends paid (note 19(f))	(24)	-
Net cash flows from (used in) in financing activities	287,119	120,800
Cash flows from (used in) investing activities:		
Acquisition of businesses (note 4)	(352,349)	(113,186)
Cash obtained with acquired businesses (note 4)	41,286	5,295
Post-acquisition settlement payments, net of receipts	(5,938)	(6,669)
Property and equipment purchased	(1,141)	(783)
Other investing activities	(238)	-
Net cash flows from (used in) investing activities	(318,380)	(115,343)
Effect of foreign currency on cash and cash equivalents	2,456	(107)
Increase (decrease) in cash	79,424	39,975
Cash, beginning of period	67,085	27,110
Cash, end of period	\$ 146,509	\$ 67,085

See accompanying notes to the consolidated financial statements.

Lumine Group Inc.

Notes to consolidated financial statements

(In thousands of USD, except per share amounts or as otherwise indicated.)

(Due to rounding, numbers presented may not foot.)

Years ended December 31, 2023 and 2022

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Lumine Group Inc.

Notes to consolidated financial statements

(In thousands of USD, except per share amounts and as otherwise indicated.)

(Due to rounding, numbers presented may not foot.)

Years ended December 31, 2023 and 2022

1. Reporting entity

Lumine Group Inc. (TSXV:LMN) is a company domiciled in Canada. The address of its registered office is 5060 Spectrum Way, Suite 100, Mississauga, Ontario, Canada. The consolidated financial statements of Lumine as at and for the year ended December 31, 2023 and December 31, 2022 comprise of Lumine Group Inc. and its subsidiaries (together referred to as “Lumine” or “the “Company”). The Company is a subsidiary of Trapeze Software ULC (“Trapeze”), a wholly-owned subsidiary of Constellation Software Inc. (TSX:CSU) (“CSI” or collectively referred to as the “Parent” – references to Parent refer to CSI and its subsidiaries). The Company is engaged principally in the development, installation and customization of software and in the provision of related professional services and support for customers globally.

(a) Capital reorganization

On February 21, 2023, the Company filed articles of amendment and reorganized its share capital. Subsequent to the reorganization, the Company is authorized to issue one super voting share (“Super Voting Share”), an unlimited number of the subordinate voting shares (“Subordinate Voting Shares”), an unlimited number of preferred shares (“Preferred Shares”), and an unlimited number of special shares (“Special Shares”). The terms and conditions of the Super Voting Share and Subordinate Voting Shares are described in note 15. The terms and conditions of Preferred Shares and Special Shares are described in note 3.

As a result of the share capital reorganization, the Company exchanged its one common share issued to the Parent into one Super Voting Share.

(b) Acquisition of Lumine Group (Holdings) Inc.

On February 22, 2023, the Company acquired Lumine Group (Holdings) Inc. (“Lumine Holdings”), a global portfolio of communications and media software companies and a wholly owned subsidiary of the Parent. As consideration for the acquisition, the Company issued 63,582,712 Subordinate Voting Shares at a nominal value and 55,233,745 Preferred Shares at \$21.74 per share to the Parent. The total value of Preferred Shares of \$1,200,804 was recorded as a reduction to contributed surplus on the consolidated statement of changes in equity for the year ended December 31, 2023.

Immediately following the completion of the acquisition of Lumine Holdings, the Company amalgamated with Lumine Holdings, with the resulting entity being the Company (the “Amalgamation”).

The acquisition of Lumine Holdings is a business combination involving entities under common control in which all of the combining entities are ultimately controlled by CSI, both before and after the acquisition and Amalgamation transactions were completed. Business combinations involving entities under common control are outside the scope of IFRS 3 *Business Combinations*. The Company accounted for this common control transaction using book value accounting, based on the book values recognized in the financial statements of the underlying entities (note 2(b)).

(c) Spinout of the Company

On February 23, 2023, Trapeze declared and paid a dividend-in-kind and distributed its 63,582,712 Subordinate Voting Shares of the Company to its parent, Volaris Group Inc., who further distributed these shares to its parent CSI. CSI then distributed 63,582,706 Subordinate Voting Shares to its shareholders pursuant to a dividend-in-kind, resulting in the Company’s Subordinate Voting Shares being issued to public shareholders of CSI.

Lumine Group Inc.

Notes to consolidated financial statements

(In thousands of USD, except per share amounts and as otherwise indicated.)

(Due to rounding, numbers presented may not foot.)

Years ended December 31, 2023 and 2022

The Company's Subordinate Voting Shares began trading on the TSX Venture Exchange on March 24, 2023 under the symbol "LMN."

2. Basis of presentation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS") issued and outstanding as of March 4, 2024, the date the Board of Directors approved such financial statements.

(b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for certain assets and liabilities initially recognized in connection with business combinations, certain financial instruments, and contingent consideration related to business acquisitions, which are measured at their estimated fair value.

Common control transaction

The acquisition of Lumine Holdings reflects a business combination involving entities under common control in which all of the combining entities are ultimately controlled by CSI, both before and after the transaction was completed. Business combinations involving entities under common control are outside the scope of IFRS 3, *Business Combinations*. The Company accounted for this common control transaction using book value accounting, based on the book values recognized in the financial statements of the underlying entities immediately prior to the acquisitions. In addition, the Company has restated its comparative financial information to include the results of Lumine Holdings from January 1, 2022 to the date of the common control transaction.

(c) Functional and presentation currency

The consolidated financial statements are presented in U.S. dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and other assumptions that are considered reasonable in the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded, with corresponding effect in profit or loss, when, and if, better information is obtained.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 3(l) - Revenue recognition

Lumine Group Inc.

Notes to consolidated financial statements

(In thousands of USD, except per share amounts and as otherwise indicated.)

(Due to rounding, numbers presented may not foot.)

Years ended December 31, 2023 and 2022

Note 3(a)(i) - Business combinations

Note 3(d) – Redeemable Preferred Shares

Note 3 (e) - Redeemable Special Shares

Note 3(o) - Income taxes

Note 3(j) - Impairment

Note 3(f) - Intangible assets

Note 22 - Contingencies

Critical judgements that the Company has made in the process of applying accounting policies disclosed herein and that have a significant effect on the amounts recognized in the consolidated financial statements relate to the (i) determination of functional currencies for the Company's subsidiaries and, most notably, in respect of businesses acquired during the period; (ii) assessment as to whether professional services in multiple-performance obligation arrangements are distinct of other performance obligations and determination of the estimated hours to complete customer contracts accounted for using the percentage of completion method; (iii) recognition of deferred tax assets; and (iv) contingent consideration liabilities.

- Functional currency of each business unit – the Company applies judgement in situations where primary and secondary indicators are mixed. Primary indicators such as the currency that mainly influences sales prices are given priority before considering secondary indicators.
- Business Combinations - Estimates and judgments are used when allocating the purchase price to the fair value of acquired net assets (specifically to the acquired technology assets and customer relationship assets) in business combinations. The Company estimates the fair value of technology and customer relationships acquired in a business combination based on the income approach. The income approach is a valuation technique that calculates the fair value of an intangible asset based on the present value of future cash flows that the asset can be expected to generate over its remaining useful life. For significant business combinations, significant estimates and judgments include forecasted cashflows, forecasted annual customer attrition rate, royalty rates, migration rate and the discount rates used to estimate the fair value of the acquired intangible assets. Changes in these estimates and judgments could result in significant changes to the valuation of the intangible assets.
- Revenue Recognition - the Company uses significant judgment to assess whether professional services sold in a customer contract are considered distinct and should be accounted for as separate performance obligations. Non-distinct professional services are combined with other goods or services until they are distinct and form a single performance obligation. The Company also applies significant judgment to determine the estimated hours to completion which affects the timing of revenue recognized for professional services and non-distinct license and hardware. Estimated hours to completion are continually and routinely revised based on changes in the progress of customer contracts.
- Deferred tax assets - the recognition of deferred tax assets is based on forecasts of future taxable profit. The measurement of future taxable profit for the purposes of determining whether or not to recognize deferred tax assets depends on many factors, including the Company's ability to generate such profits and the implementation of effective tax planning strategies. The occurrence or non-occurrence of such events in the future may lead to significant changes in the measurement of deferred tax assets.
- Contingent consideration liabilities - contingent consideration liabilities are initially recorded on the date of a business combination and are payable on the achievement of certain financial targets in the post-acquisition periods. The obligation for contingent consideration is recorded at its estimated

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fair value at the various acquisition dates and is recorded at fair value at the end of each reporting period. The estimated fair value of the applicable contingent consideration is calculated using the estimated financial outcome and resulting expected contingent consideration to be paid and inclusion of a discount rate as appropriate.

3. Material accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these Consolidated financial statements unless otherwise indicated.

The material accounting policies have been applied consistently by the Company's subsidiaries.

(a) Basis of consolidation

(i) Business combinations

Acquisitions have been accounted for using the acquisition method required by IFRS 3 Business Combinations. Goodwill arising on acquisitions is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, if any, less the net recognized amount of the estimated fair value of identifiable assets acquired and liabilities assumed (subject to certain exemptions to fair value measurement principles such as deferred tax assets or liabilities), all measured as of the acquisition date. When the consideration transferred is less than the estimated fair value of assets acquired and liabilities assumed, a bargain purchase gain is recognized immediately in the consolidated statements of income. Transaction costs that the Company incurs in connection with a business combination are expensed as incurred.

The Company uses its best estimates and assumptions to reasonably value assets and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, and these estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed with a corresponding offset to goodwill. Upon conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to profit or loss. For a given acquisition, the Company may identify certain pre-acquisition contingencies as of the acquisition date and may extend its review and evaluation of these pre-acquisition contingencies throughout the measurement period in order to obtain sufficient information to assess these contingencies as part of acquisition accounting, as applicable.

(ii) Consolidation methods

Entities over which the Company has control are consolidated from the date that control commences until the date that control ceases. Entities over which the Company has significant influence (investments in "associates") are accounted for under the equity method. Significant influence is assumed when the Company's interests are 20% or more unless qualitative factors overcome this assumption.

(iii) Transactions eliminated on consolidation

Intra-company balances and transactions, and any unrealized income and expenses arising from intra-company transactions, are eliminated in preparing the consolidated financial statements.

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(b) Foreign currency translation

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the business unit at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-measured to the functional currency at the exchange rate at that date. Foreign currency differences arising on re-measurement are recognized through profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency gains and losses are reported in profit and loss on a net basis. The effect of currency translation adjustments on cash is presented separately in the consolidated statements of cash flows and separated from investing and financing activities when deemed significant.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to USD at exchange rates at the reporting date. The income and expenses of foreign operations are translated to USD using average exchange rates for the month during which the transactions occurred. Foreign currency differences are recognized in other comprehensive income in the cumulative translation account.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which its substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income in the cumulative amount of foreign currency translation differences. If, and when, settlement plans change or are likely to occur, then the accounting process in (b)(i) above is applied. The Company has elected not to treat repayments of monetary items receivable or payable to a foreign operation as a disposition.

(c) Financial Instruments

The Company's financial instruments comprise cash, accounts receivable, accounts payable and accrued liabilities, income taxes payable, holdback payable, preferred shares and special shares and contingent consideration liabilities related to acquisitions, and bank debt.

Financial assets are recognized in the consolidated statement of financial position if the Company has a contractual right to receive cash or other financial assets from another entity. Financial assets, including accounts receivable, are derecognized when the rights to receive cash flows from the investments have expired or were transferred to another party and the Company has transferred substantially all risks and rewards of ownership.

Financial liabilities include accounts payable and accrued liabilities, income taxes payable, acquisition holdback payables and contingent consideration liabilities, and bank debt. Financial liabilities are generally recognized initially at fair value, typically being transaction price plus any directly attributable transaction costs, and subsequently measured at amortized cost using the effective interest method, except for financial liabilities carried at fair value, including contingent consideration and preferred and special shares liabilities. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired.

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Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(d) Redeemable Preferred Shares

On February 22, 2023, the Company issued 55,233,745 Preferred Shares to CSI as non-cash consideration for the acquisition of Lumine Holdings. Additionally, on February 22, 2023, the Company issued 8,348,967 Preferred Shares to CSI for cash proceeds of \$181,485. The Preferred Shares are non-voting, and under certain conditions, are redeemable at the option of the holder for a redemption price of \$21.74 per share. The redemption price may either be settled in cash or through the issuance of Subordinate Voting Shares of equal value, or any combination thereof. The Preferred Shares are also convertible into Subordinate Voting Shares at a conversion ratio of 2.4302106 Subordinate Voting Shares per Preferred Share. The Preferred Share holders are also entitled to a fixed annual cumulative dividend of 5% per annum on the initial Preferred Share value of \$21.74 per share (the "Initial Face Value").

The fair value of the Preferred Shares on February 22, 2023, the date of issuance, was \$1,382,288 and was recorded as a liability. The Company has determined that the rights associated with the redeemable preferred shares do not result in a fixed amount of cash being exchanged for a fixed amount of shares (i.e. does not meet the "fixed for fixed" requirement). As a result, the Preferred Shares are recorded at fair value at the end of each reporting period. The change in fair value of the Preferred Shares is recorded as Redeemable Preferred and Special Securities expense in the consolidated statements of income (see note (f)).

Further descriptions of the significant terms and conditions of the Preferred Shares are described below. The terms and conditions of the Preferred Shares should be read in conjunction with the terms and conditions of the Special Shares as outlined below.

(i) Conversion

Holders of the Preferred Shares are entitled to convert some or all of their Preferred Shares into Subordinate Voting Shares at a conversion ratio of 2.4302106 Subordinate Voting Shares per Preferred Share at any time (the "Preferred Share Conversion Right").

Upon the exercise of the Preferred Share Conversion Right, the holders of the Preferred Shares will be entitled to receive all accrued but unpaid dividends accruing on the Preferred Shares to the day before the conversion date. Pursuant to the terms of the Shareholders Agreement entered into by CSI, Trapeze, and the holders of Special Shares (the "Shareholders Agreement"), the Board of Directors of the Company will make a determination as to whether the Company has sufficient cash on hand to satisfy the payment of any accrued but unpaid dividends on the Preferred Shares in cash. If the Board of Directors of the Company determines that the Company does not have sufficient cash on hand, the accrued but unpaid dividends will, subject to TSX Venture Exchange ("TSXV") approval, be satisfied by the issuance of Subordinate Voting Shares of equal value.

(ii) Redemption at the Option of the Holder: Preferred Share Retraction Right

At any time prior to the Mandatory Conversion Date (as defined below), upon thirty (30) days notice to the Company, the holders of the Preferred Shares will have the right (but not the obligation) to sell some or all of their Preferred Shares to the Company (the "Preferred Share Retraction Right"). Upon exercise of the Preferred Share Retraction Right, the holders of the Preferred Shares will be entitled to receive an amount of cash equal to the Initial Face Value for each Preferred Share in respect of which the Preferred Share

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Retraction Right has been exercised, or Subordinate Voting Shares of equal value, or any combination thereof, in each case at the option of the holder of the Preferred Shares. Notwithstanding the foregoing, if the Board of Directors of the Company determines that the Company does not have sufficient cash on hand to make the payment in cash, the holders of Preferred Shares will, subject to TSXV approval, receive Subordinate Voting Shares on the terms described above.

Upon the exercise of the Preferred Share Retraction Right, the holders of the Preferred Shares will also be entitled to receive all accrued but unpaid dividends accruing on the Preferred Shares in respect of which the Preferred Share Retraction Right has been exercised, to the day before the redemption date. The Board of Directors of the Company will make a determination as to whether the Company has sufficient cash on hand to satisfy the payment of any accrued but unpaid dividends on the Preferred Shares in cash. If the Board of Directors of the Company determines that the Company does not have sufficient cash on hand to make the applicable payments, the accrued but unpaid dividends will, subject to TSXV approval, be satisfied by the issuance of Subordinate Voting Shares of equal value.

(e) Redeemable Special Shares

On February 22, 2023, in connection with the acquisition of WideOrbit, the Company issued 10,204,294 Special Shares (note 4). Holders of Special Shares are entitled to attend and vote at meetings of the Company's shareholders except meetings at which only holders of a particular class are entitled to vote. Holders of Special Shares are entitled to one vote per share. The Special Shares are, under certain conditions, redeemable at the option of the holder for a redemption price of \$21.74 per share, plus one Subordinate Voting Share for each Special Share redeemed. The redemption price may either be settled in cash or through the issuance of Subordinate Voting Shares of equal value, or any combination thereof. The Special Shares are also convertible into Subordinate Voting Shares at a conversion ratio of 3.4302106 Subordinate Voting Shares per Special Share. The Special Share holders are also entitled to a fixed annual cumulative dividend of 5% per annum on the Initial Face Value of \$21.74 per share.

The fair value of the Special Shares on February 22, 2023, the date of issuance, was \$221,841 and was recorded as a liability. The Company has determined that the rights associated with Special Shares do not result in a fixed amount of cash being exchanged for a fixed amount of shares (i.e. does not meet the "fixed for fixed" requirement). As a result, the Special Shares are recorded at fair value at the end of each reporting period. The change in fair value of the Special Shares is recorded as Redeemable Preferred and Special Securities expense in the consolidated statements of income (see note 19(f)).

Further descriptions of the significant terms and conditions of the Special Shares are described below. The terms and conditions of the Special Shares should be read in conjunction with the terms and conditions of the Preferred Shares as outlined above.

(i) Conversion

Holders of the Special Shares are entitled to convert some or all of their Special Shares into Subordinate Voting Shares at a conversion ratio of 3.4302106 Subordinate Voting Shares per Special Share at any time (the "Special Share Conversion Right").

Upon the exercise of the Special Share Conversion Right, the holders of the Special Shares will be entitled to receive all accrued but unpaid dividends accruing on the Special Shares to the day before the conversion date. Pursuant to the terms of the Shareholders Agreement, the Board of Directors of the Company will make a determination as to whether the Company has sufficient cash on hand to satisfy the payment of any accrued but unpaid dividends on the Special Shares in cash. If the Board of Directors of the Company determines that the Company does not have sufficient cash on hand, the accrued but unpaid dividends will, subject to TSXV approval, be satisfied by the issuance of Subordinate Voting Shares of equal value.

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(ii) Redemption at the Option of the Holder: Special Share Retraction Right

At any time prior to the Mandatory Conversion Date, upon thirty (30) days notice to the Company, the holders of the Special Shares will have the right (but not the obligation) to sell some or all of their Special Shares to the Company (the "Special Share Retraction Right"), provided that the exercise of the Special Share Retraction Right (including the manner of exercise) must first be approved by the holders of a majority of the Special Shares, in their sole discretion. Upon exercise of the Special Share Retraction Right, the holders of the Special Shares will be entitled to receive (i) one Subordinate Voting Share for each Special Share in respect of which the Special Share Retraction Right has been exercised, and (ii) an amount of cash equal to the Initial Face Value for each Special Share in respect of which the Special Share Retraction Right has been exercised, or Subordinate Voting Shares of equal value, or any combination thereof, in each case at the option of the holder of the Special Shares. Notwithstanding the foregoing, if the Board of Directors of the Company determines that the Company does not have sufficient cash on hand to make the payment in cash, the holders of Special Shares will, subject to TSXV approval, receive Subordinate Voting Shares on the terms described above.

Upon the exercise of the Special Share Retraction Right, the holders of the Special Shares will also be entitled to receive all accrued but unpaid dividends accruing on the Special Shares in respect of which the Special Share Retraction Right has been exercised, to the day before the redemption date. The Board of Directors of the Company will make a determination as to whether the Company has sufficient cash on hand to satisfy the payment of any accrued but unpaid dividends on the Special Shares in cash. If the Board of Directors of the Company determines that the Company does not have sufficient cash on hand to make the applicable payments, the accrued but unpaid dividends will, subject to TSXV approval, be satisfied by the issuance of Subordinate Voting Shares of equal value.

(iii) Redemption of Preferred Shares and Special Shares at the Option of the Company

Subject to the terms of the Shareholders Agreement, upon the later of (the "Mandatory Conversion Date") the date which occurs 12-months after the date the trading of the Subordinate Voting Shares commences on the TSXV, and 10 business days after the first date on which the closing trading price of the Subordinate Voting Shares is equal to or greater than C\$13.243656, the Company will redeem the Preferred Shares and the Special Shares in exchange for the issuance of 2.4302106 Subordinate Voting Shares for each Preferred Share redeemed or 3.4302106 Subordinate Voting Shares for each Special Share redeemed (the "Mandatory Conversion").

Notwithstanding the foregoing, if holders representing at least 95% of the Preferred Shares and Special Shares approve, each holder of Preferred Shares and Special Shares will have the option to take the amount equal to the value of the Subordinate Voting Shares such holder would have otherwise received in connection with the Mandatory Conversion, determined on the basis of the 60 day volume weighted average trading price of the Subordinate Voting Shares, in cash.

Upon the Mandatory Conversion, the holders of the Preferred Shares and the Special Shares will also be entitled to receive all accrued but unpaid dividends accruing to the day before the redemption date. Pursuant to the terms of the Shareholders Agreement, the Board of Directors of the Company will make a determination as to whether the Company has sufficient cash on hand to satisfy the payment of any accrued but unpaid dividends on the Preferred Shares and the Special Shares in cash. If the Board of Directors of the Company determines that the Company does not have sufficient cash on hand, the accrued but unpaid dividends will, subject to TSXV approval, be satisfied by the issuance of Subordinate Voting Shares of equal value.

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On March 24, 2023, the closing trading price of the Subordinate Voting Shares was greater than C\$13.243656. As such, the Mandatory Conversion Date for Preferred Shares and Special Shares will be March 25, 2024.

(f) Intangible assets

(i) Acquired intangible assets

The Company uses the income approach to value technology and customer relationship intangible assets acquired in a business combination. The income approach is a valuation technique that calculates the estimated fair value of an intangible asset based on the estimated future cash flows that the asset can be expected to generate over its remaining useful life.

The Company utilizes the discounted cash flow ("DCF") methodology which is a form of the income approach that begins with a forecast of the annual cash flows that a market participant would expect the subject intangible asset to generate over a discrete projection period. The forecasted cash flows for each of the years in the discrete projection period are then converted to their present value equivalent using a rate of return appropriate for the risk of achieving the intangible assets' projected cash flows, again, from a market participant perspective. The present value of the forecasted cash flows are then added to the present value of the residual value of the intangible asset (if any) at the end of the discrete projection period to arrive at a conclusion with respect to the estimated fair value of the subject intangible assets.

Specifically, the Company relies on the relief-from-royalty method to value the acquired technology and the multiple-period excess earnings ("MEEM") method to value customer relationship assets.

The underlying premise of the relief-from-royalty method is that the fair value of the technology is equal to the cost savings (or the "royalty avoided") resulting from the ownership of the asset by the avoidance of paying royalties to license the use of the technology from another owner. Accordingly, the income forecast reflects an estimate of a fair royalty that a licensee would pay, on a percentage of revenue basis, to obtain a license to utilize the technology.

The MEEM method isolates the cash flows attributable to the subject asset by utilizing a forecast of expected cash flows less the returns attributable to other enabling assets, both tangible and intangible.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost, being reflective of fair value, less accumulated amortization and impairment losses. Subsequent expenditures are capitalized only when it increases the future economic benefits that form part of the specific asset to which it relates and other criteria have been met. Otherwise all other expenditures are recognized in profit or loss as incurred. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are acquired and available for use, since this most closely reflects the expected usage and pattern of consumption of the future economic benefits embodied in the asset. To determine the useful life of the technology assets, the Company considers the length of time over which it expects to earn or recover the majority of the present value of the forecasted cash flows of the related intangible assets. The estimated useful lives for the current and comparative periods are as follows:

Technology assets	3 to 8 years
Customer assets	2 to 17 years

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Amortization methods, useful lives and the residual values are reviewed at least annually (or when there has been an indication of impairment) and are adjusted as appropriate.

(ii) Impairment

Intangible assets with finite lives are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

If we cannot estimate the recoverable amount of the individual intangible asset because it does not generate independent cash flows, we test the entire cash-generating unit ("CGU") to which the asset belongs for impairment. When performing the impairment test at the CGU level, the impairment test methodology is based on a comparison between the higher of fair value less costs to sell and value-in-use of each of the Company's CGUs and the CGU's net carrying values. Within the Company's reporting structure, business units generally reflect the CGUs. In determining the recoverable amount, the Company applies an estimated market valuation multiple to the business unit's most recent annual recurring revenues, which are generally derived from post-contract customer support revenues, transactional revenues, and hosted products revenues. Valuation multiples applied by the Company for this purpose reflect current market conditions specific to the business unit and are assessed for reasonability by comparison to the Company's current and past acquisition experience involving ranges of revenue-based multiples required to acquire representative software companies and the Parent's overall revenue based-trading multiple. In addition, in certain instances, the recoverable amount is determined using a value-in-use approach which follows the same valuation process that is undertaken for the Company's business acquisitions.

An impairment is recognized if the carrying amount of the asset or the CGU exceeds its estimated recoverable amount and is recognized in the consolidated statement of income (loss) immediately. The Company will reverse a previously recognized impairment loss if the estimated recoverable amount of the previously impaired asset or CGU increases such that the impairment in the previous period has reversed. The carrying amount of the asset or CGU cannot be greater than its carrying amount had the impairment loss not previously been recognized.

(iii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalized only if the product or process is technically and commercially feasible, if development costs can be measured reliably, if future economic benefits are probable, if the Company intends to use or sell the asset and the Company intends and has sufficient resources to complete development. To date, no material development expenditures have been capitalized.

For the year ended December 31, 2023, \$75,075 (2022 – \$35,453) of research and development costs have been expensed in profit or loss. These costs are net of estimated investment tax credits, recognized as part of other, net expenses through profit or loss of \$2,526 for the year ended December 31, 2023 (2022 – \$2,863).

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(g) Property and equipment

(i) Recognition and measurement

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes initial and subsequent expenditures that are directly attributable to the acquisition of the related asset. When component parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment, where applicable.

(ii) Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

The estimated useful lives for the current and comparative periods are as follows:

Asset	Rate
Computer hardware	3-5 years
Computer software	1 years
Furniture, equipment and vehicles	5 years
Leasehold improvements	Shorter of the estimated useful life and the term of the lease

Depreciation methods, useful lives and residual values are reviewed at each financial year end or more frequently as deemed relevant and adjusted where appropriate.

(h) Unbilled revenue

Unbilled revenue represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at revenue recognized to date less progress billings and recognized losses, if any.

Unbilled revenue is presented in the statement of financial position for all contracts in which revenues recognized exceed progress billings. If progress billings exceed revenues recognized, then the excess is presented as deferred revenue in the statement of financial position.

(i) Other non-current liabilities

Other non-current liabilities consist principally of deferred revenue, provisions, and contingent consideration recognized in connection with business acquisitions to be settled in cash, which are discounted for measurement purposes.

(j) Impairment

(i) Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

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Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, or indications that a debtor or issuer will enter bankruptcy.

The Company considers evidence of impairment for receivables at both a specific and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired, together with receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets (which are addressed in note 3(o)), are reviewed at each reporting date (or more frequently if required) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, when applicable, the recoverable amount is estimated annually on December 31 of each fiscal year or whenever required.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the Company uses discounted cash flows which are determined using a pre-tax discount rate specific to the asset or CGU. The discount rate used reflects current market conditions including risks specific to the assets. Significant estimates within the cash flows include recurring revenue growth rates and operating expenses. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets, which for the Company's purposes is typically representative of the business unit level within the corporate and management structure. For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets (such as intangible assets and property and equipment) in the CGU (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other non-financial assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been previously recognized.

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(k) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the estimated future cash flows required to settle the present obligation, based on the most reliable evidence available at the reporting date. The estimated cash flows are discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The amortization of the discount is recognized as part of finance costs.

(l) Revenue recognition

Revenue represents the amount the Company expects to receive for products and services in its contracts with customers, net of discounts and sales taxes. The Company reports revenue under four revenue categories being, License, Hardware and other, Professional services, and Maintenance and other recurring revenue. Software license revenue is comprised of non-recurring license fees charged for the use of software products licensed under multiple-year or perpetual arrangements. Professional service revenue consists of fees charged for implementation services, custom programming, product training, certain managed services, and consulting. Hardware and other revenue includes the resale of third party hardware as part of customized solutions, as well as sales of hardware assembled internally and the reimbursement of travel costs. Maintenance and other recurring revenue primarily consists of fees charged for customer support on software products post-delivery and also includes recurring fees derived from combined software/support contracts, transaction revenues, managed services associated with the Company's software that has been sold to the customer, and hosted software-as-a-service products.

(i) Contracts with multiple products or services

Typically, the Company enters into contracts that contain multiple products and services such as software licenses, hosted software-as-a-service, maintenance, professional services, and hardware. The Company evaluates these arrangements to determine the appropriate unit of accounting (performance obligation) for revenue recognition purposes based on whether the product or service is distinct from some or all of the other products or services in the arrangement. A product or service is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company's promise to transfer the good or service is separately identifiable from other promises in the contractual arrangement with the customer. Non-distinct products and services are combined with other goods or services until they are distinct as a bundle and therefore form a single performance obligation.

Where a contract consists of more than one performance obligation, revenue is allocated to each based on their estimated stand-alone selling price.

(ii) Nature of products and services

The Company sells on-premises software licenses on both a perpetual and specified-term basis. Revenue from the license of distinct software is recognized at the time that both the right to use the software has commenced and the software has been made available to the customer. Certain of the Company's contracts with customers contain provisions that require the customer to renew optional support and maintenance in order to maintain the active right to use a perpetual or term license. The renewal payments after the initial bundled support and maintenance term in these cases apply to both the continued right to use the license and the support and maintenance renewal. Where the fees payable for the initial term are incremental to the fees for the renewal terms, the excess is treated as a prepayment for expected renewals

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and allocated (amortized) evenly over the expected customer renewals, up to the estimated life of the software that is typically 4-6 years.

Revenue from the license of software that involves complex implementation or customization that is not distinct, and/or includes sales of hardware that is not distinct, is recognized as a combined performance obligation using the percentage-of-completion method based primarily on labour hours. The percentage-of-completion method based on labour hours requires the Company to make significant judgments to determine the estimated hours to completion which affects the timing of revenue recognized.

A portion of the Company's sales, categorized as hardware and other revenue, are accounted for as product revenue. Product revenue is recognized when control of the product has transferred under the terms of an enforceable contract.

Revenue related to the customer reimbursement of travel related expenses incurred during a project implementation where the Company is the principal in the arrangement is included in the hardware and other revenue category. Revenue is recognized as costs are incurred which is consistent with the period in which the costs are invoiced. Reimbursable travel expenses incurred for which an invoice has not been issued are recorded as part of unbilled revenue on the statement of financial position.

Maintenance and other recurring revenue primarily consists of fees charged for customer support on software products post-delivery and also includes, to a lesser extent, recurring fees derived from software licenses that are not distinct from maintenance, transaction revenues, managed services associated with the Company's software, and hosted products.

Revenue from software-as-a-service (SaaS) arrangements, which allows customers to use hosted software over a term without taking possession of the software, are provided on a subscription basis. Revenue from the SaaS subscription, which includes the hosted software and maintenance, is recognized rateably over the term of the subscription. Significant incremental payments for SaaS in an initial term are recognized rateably over the expected renewal periods, up to the estimated life of the software.

Professional services revenue, including installation, implementation, training and customization of software, is recognized by the stage of completion of the performance obligation determined using the percentage of completion method noted above or as such services are performed as appropriate in the circumstances. Professional services revenue also includes managed services not associated with the Company's software. The revenue and profit of fixed price contracts is recognized on a percentage of completion basis when the outcome of a contract can be estimated reliably. When the outcome of the contract cannot be estimated reliably but the Company expects to recover its costs, the amount of expected costs is treated as variable consideration and the transaction price is updated as more information becomes known.

The timing of revenue recognition often differs from contract payment schedules, resulting in revenue that has been earned but not billed. These amounts are included in unbilled revenue. Amounts billed in accordance with customer contracts, but not yet earned, are recorded and presented as part of deferred revenue.

(m) Costs to obtain a contract

The Company allocates incremental costs to obtain a contract (which principally consists of commissions) to the various performance obligations to which they relate using the expected-based allocation (relative expected margins) for bundled costs. For those performance obligations that are expected to be renewed at the end of the initial period without a further commission (such as post-contract customer support), the

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Company has considered expected renewals over the life of the intellectual property when determining the expected margins from the arrangement. For performance obligations not delivered upfront, the allocated commissions are deferred and amortized over the pattern of transfer of the related performance obligation. For commissions allocated to term-based license arrangements and post-contract customer support, the amortization period is expected to be approximately 4-6 years. Capitalized costs to obtain a contract are included in other non-current assets on the consolidated statement of financial position.

(n) Finance income and finance costs

Finance income comprises interest income, gains on the disposal of available-for-sale financial assets, and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognized as it accrues through profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, amortization of the discount on provisions, acquisition holdback payable and contingent consideration and impairment losses recognized on financial assets other than trade receivables.

(o) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in other comprehensive income.

Current tax is the expected taxes payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but the Company intends to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits, difference in tax bases in the purchaser's tax jurisdiction and its cost as reported in the consolidated financial statements as a result of an intra-group transfer of assets and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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(p) Investment tax credits

The Company is entitled to both non-refundable and refundable investment tax credits for qualifying research and development (“R&D”) activities. Investment tax credits are included within “Other, net” in the consolidated statement of income for items of a period expense nature or as a reduction of property and equipment for items of a capital nature when the amount is reliably estimable and the Company has reasonable assurance regarding compliance with the relevant objective conditions and that the credit will be realized.

(q) Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company’s other components. The operating results of all operating segments are reviewed regularly by the Company’s CEO to make decisions about resources to be allocated to the segment and assessing their performance.

Following the guidance set out by IFRS 8, Operating Segments, the Company has determined that it has three operating segments. Each of the Company’s operating segments operate essentially as “mini Lumine companies”, conglomerates of small vertical market software companies with similar economic characteristics. Each operating segment CEO is focused on investing capital that generates returns at or above the investment hurdle rates set by the Company’s head office and the Parent’s board of directors. The Company aggregates these three operating segments into one reportable segment, consistent with the objective and basic principles of IFRS 8.

(r) Earnings per share

The Company presents basic and diluted earnings per share data for its ordinary shares, being Subordinate Voting Shares and Super Voting Share (note 1). The number of basic shares outstanding includes Special Shares due to the terms of the Shareholder Agreement which entitles the holders of Special Shares to dividends declared to Subordinate Voting Shares and Super Voting Share. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for treasury shares held. Diluted earnings per share is determined by dividing the profit or loss attributable to shareholders of ordinary shares by the weighted average number of shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

The number of basic and diluted shares outstanding represents the shares issued as part of the amalgamation completed on February 22, 2023. Based on the election described in note 2(b), the disclosures have been restated for the year ended December 31, 2022, to reflect the amalgamation as if it had occurred as at December 31, 2022, the date at which the consolidated results of Lumine Holdings were first presented. Prior to December 31, 2022 the results were presented on a combined basis and the predecessor entity included no outstanding share structure.

(s) Short-term employee benefits

Short-term employee benefit obligations, including wages, benefits, incentive compensation, and compensated absences are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid and settled under the Company’s employee incentive compensation plan if the Company has a legal or constructive obligation to pay this

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amount at the time bonuses are paid as a result of past service provided by the employee, and the obligation can be estimated reliably.

(t) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method, as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset can be periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

4. Business acquisitions

(a) Acquisition of WideOrbit Inc.

On February 22, 2023, immediately following the Amalgamation, the Company completed the acquisition of 100% of the shares of WideOrbit Inc. ("WideOrbit") for a purchase price of \$504,654 which was funded through a combination of cash of \$167,259, repayment of WideOrbit debt of \$115,554, and the issuance of 10,204,294 Special Shares of \$221,841. Pursuant to the terms of the acquisition agreement, eligible shareholders of WideOrbit elected to rollover a portion of their WideOrbit common shares into Special Shares of the Company. During the three months ended June 30, 2023, the purchase consideration was finalized for customary adjustments related to net indebtedness, resulting in a post-acquisition settlement cash receipt of \$510 in the quarter.

WideOrbit is a software business that primarily operates in the advertising market for cable networks, local television stations and radio stations. The acquisition has been accounted for using the acquisition method with the results of operations included in the consolidated statements of income for the year ended December 31, 2023 from the date of the acquisition.

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The goodwill recognized in connection with this acquisition is primarily attributable to the application of the Company's best practices to improve the operations of the companies acquired, synergies with existing businesses of the Company, and other intangible assets that do not qualify for separate recognition including assembled workforce.

The gross contractual amounts of acquired receivables was \$21,116; however, the Company has recorded an allowance of \$239 as part of the acquisition accounting to reflect contractual cash flows that are not expected to be collected.

The Company finalized the estimated fair value of the net assets acquired. Revisions to provisional allocations included changes to the valuation of acquired intangible assets, including a decrease in customer assets by \$34,777 and technology assets by \$9,310, and an increase in goodwill by \$32,140.

The acquisition accounting applied in connection with the business acquisition is as follows:

Cash	\$	24,774
Accounts receivable		20,877
Other current assets		22,542
Property and equipment		2,113
Right-of-use assets		8,418
Other non-current assets		7,568
Technology assets		157,000
Customer assets		344,000
	\$	587,291
Current liabilities	\$	20,741
Deferred revenue		10,432
Lease obligations		8,418
Deferred income tax liabilities		106,363
Other non-current liabilities		972
	\$	146,927
Goodwill		63,778
Total Consideration	\$	504,143

Goodwill of \$2,667 is pre-existing tax-deductible goodwill for income tax purposes.

The acquisition of WideOrbit contributed revenue of \$146,791 and net income \$518 for the year ended December 31, 2023.

(b) Acquisition of Titanium Software Holdings Inc

On March 8, 2023, the Company acquired 100% of the outstanding shares of Titanium Software Holdings Inc ("Titanium") for aggregate cash consideration of \$31,447 on closing plus cash holdbacks and contingent consideration with a combined estimated acquisition date fair value of \$5,045 for total consideration of \$36,492. For this arrangement, which includes a maximum, or capped, contingent consideration amount, the contingent consideration is not expected to exceed \$19,000. The cash holdbacks are payable over a two-year period and are adjusted, as necessary, for such items as working capital or net tangible asset assessments, as defined in the agreements, and claims under the respective representations and warranties of the purchase and sale agreements.

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Titanium is a software company catering to the communications and media market, which is a software business similar to existing businesses operated by the Company. The acquisition has been accounted for using the acquisition method with the results of operations included in the consolidated statements of income for the year ended December 31, 2023 from the date of the acquisition.

The goodwill recognized in connection with this acquisition is primarily attributable to the application of the Company's best practices to improve the operations of the companies acquired, synergies with existing businesses of the Company, and other intangible assets that do not qualify for separate recognition including assembled workforce. Goodwill is not deductible for income tax purposes.

The gross contractual amounts of acquired receivables was \$14,423; however, the Company has recorded an allowance of \$1,690 as part of the acquisition accounting to reflect contractual cash flows that are not expected to be collected.

Due to the complexity and timing of the acquisition, the Company is in the process of determining and finalizing the estimated fair value of the net assets acquired. The amounts determined on a provisional basis generally relate to the valuation of intangible assets, net asset assessments and measurement of the assumed liabilities, including acquired contract liabilities, and related tax matters. The provisional purchase price allocations may differ from the final purchase price allocations, and these differences may be material. Revisions to the allocations will occur as additional information about the fair value of assets and liabilities becomes available.

The provisional acquisition accounting applied in connection with the business acquisition is as follows:

Cash	\$	9,191
Accounts receivable		12,733
Other current assets		5,320
Property and equipment		301
Right of use assets		697
Technology assets		20,663
Customer assets		16,223
	\$	65,128
Current liabilities	\$	6,788
Deferred revenue		11,598
Lease Obligations		697
Deferred income tax liabilities		9,590
	\$	28,673
Goodwill		37
Total Consideration	\$	36,492

The acquisition of Titanium contributed revenue of \$35,898 and net income of \$3,164 during the year ended December 31, 2023.

(c) Acquisition from Synchronoss

On October 31, 2023, the Company acquired three business units from Synchronoss Technologies, Inc. for aggregate cash consideration of \$38,089 on closing, plus cash holdbacks and contingent consideration with a combined estimated acquisition date fair value of \$300 for a total consideration of \$38,389. For this arrangement, which includes a maximum, or capped, contingent consideration amount, the contingent

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consideration is not expected to exceed \$3,000. The cash holdbacks are payable over a one-year period and are adjusted, as necessary, for such items as working capital or net tangible asset assessments, as defined in the agreements, and claims under the respective representations and warranties of the purchase and sale agreements.

The goodwill recognized in connection with this acquisition is primarily attributable to the application of the Company's best practices to improve the operations of the companies acquired, synergies with existing businesses of the Company, and other intangible assets that do not qualify for separate recognition including assembled workforce. Goodwill is not deductible for income tax purposes.

The gross contractual amounts of acquired receivables was \$7,915; however, the Company has recorded an allowance of \$513 as part of the acquisition accounting to reflect contractual cash flows that are not expected to be collected.

The acquired businesses operate in the communications and media market, similar to the Company's existing businesses.

Due to the complexity and timing of the acquisition, the Company is in the process of determining and finalizing the estimated fair value of the net assets acquired for each business unit. The amounts determined on a provisional basis generally relate to the valuation of intangible assets, net asset assessments and measurement of the assumed liabilities, including acquired contract liabilities, and related tax matters. The provisional purchase price allocations may differ from the final purchase price allocations and these differences may be material. Revisions to the allocations will occur as additional information about the fair value of assets and liabilities becomes available. The accounting will be finalized by the fourth quarter of 2024.

The provisional acquisition accounting applied in connection with the business acquisition is as follows:

Cash	\$	7,321
Accounts receivable		7,402
Other current assets		17,147
Property and equipment		126
Right of use assets		500
Other non-current assets		2,235
Technology assets		26,000
Customer assets		21,800
	\$	82,531
Current liabilities	\$	20,581
Deferred revenue		19,716
Lease obligations		493
Deferred income tax liabilities		202
Other non-current liabilities		4,078
	\$	45,070
Goodwill		928
Total Consideration	\$	38,389

The acquisition from Synchronoss contributed revenue of \$10,804 and net loss of (\$1,341) during the year ended December 31, 2023.

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The Company incurred transaction costs of \$5,339 related to the above acquisitions recognized in operating expenses. If these acquisitions occurred on January 1, 2023, the Company estimates that pro-forma consolidated revenue and pro-forma consolidated net loss would have been \$556,504 and (\$2,839,614) for the year ended December 31, 2023 compared to the actual amounts reported in the consolidated statement of income. In determining these amounts, the Company has assumed that the fair values of the net assets acquired that were estimated and accounted for on the dates of acquisition would have been the same as if the acquisitions had occurred on January 1, 2023. The net income from acquisitions includes the associated amortization of acquired intangible assets recognized as if the acquisitions had occurred on January 1, 2023.

(d) Prior year acquisitions

The following measurement period adjustments on the prior year acquisitions of Morse Holdings Inc. and WizTivi SAS ("WizTivi") have been reflected on the consolidated statement of financial position as of December 31, 2022.

During 2023, the purchase price allocations for the acquisition of Morse Holdings Inc. and WizTivi were finalized.

Accounts receivable		1,172
Other current assets		(41)
Property and equipment		(23)
Technology assets		(1,070)
Customer assets		(1,482)
	\$	(1,443)
Current liabilities	\$	432
Deferred revenue		(903)
Deferred income tax liabilities		(2,341)
Other non-current liabilities		(2,944)
	\$	(5,756)
Goodwill		(6,192)
Total Change in Consideration	\$	(1,880)

(e) Acquisition from Nokia

On December 20, 2023, the Company signed a definitive agreement to acquire the Device Management and Service Management Platform businesses from Nokia (NYSE: NOK) for a total purchase price of up to €185 million euros, subject to customary working capital adjustments, which includes contingent consideration of up to €35 million euros based on the performance of the business during the first year following the acquisition.

This transaction is subject to customary closing conditions which the Company anticipates will be finalized during the first half of 2024.

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5. Other assets and liabilities

(a) Other assets

	December 31, 2023	December 31, 2022
Prepaid expenses and other current assets	\$ 15,088	\$ 14,659
Sales tax receivable	3,965	2,973
Investment tax credits recoverable	5,943	2,246
Restricted cash	226	130
Other receivables	15,171	3,079
Total other current assets	\$ 40,392	\$ 23,087
Investment tax credits recoverable	\$ 2,609	\$ 3,050
Costs to obtain a contract	2,017	910
Unbilled revenue	4,122	-
Restricted cash	142	-
Non-current trade and other receivables and other assets	4,173	4,533
Total other non-current assets	\$ 13,063	\$ 8,492

(b) Other liabilities

	December 31, 2023	December 31, 2022
Contingent consideration (note 19(f))	\$ 2,123	\$ 293
Deferred revenue (note 20)	5,533	1,684
Provisions (note 11)	4,764	4,411
Other non-current liabilities	575	680
Total other non-current liabilities	\$ 12,995	\$ 7,068

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6. Property and equipment

	Computer hardware	Computer software	Furniture, equipment and vehicles	Leasehold improvements	Total
Cost					
Balance at January 1, 2022	\$ 10,096	\$ 258	\$ 685	\$ 1,552	\$ 12,591
Additions	733	18	25	7	783
Acquisitions through business combinations (notes 4)	1,843	344	438	148	2,773
Disposals / retirements / reclassifications / other	(1,246)	(41)	(333)	(275)	(1,895)
Balance at December 31, 2022	\$ 11,426	\$ 579	\$ 815	\$ 1,432	\$ 14,252
Balance at January 1, 2023	\$ 11,426	\$ 579	\$ 815	\$ 1,432	\$ 14,252
Additions	612	19	157	353	1,141
Acquisitions through business combinations (note 4)	1,891	203	128	318	2,540
Disposals / retirements / reclassifications / other	(486)	(36)	26	(676)	(1,172)
Balance at December 31, 2023	\$ 13,443	\$ 765	\$ 1,126	\$ 1,427	\$ 16,761
Depreciation and impairment losses					
Balance at January 1, 2022	\$ 8,260	\$ 201	\$ 501	\$ 1,109	\$ 10,071
Depreciation charge for the year	1,716	426	162	481	2,785
Disposals / retirements / reclassifications / other	(1,137)	(37)	(277)	(269)	(1,720)
Balance at December 31, 2022	\$ 8,839	\$ 590	\$ 386	\$ 1,321	\$ 11,136
Balance at January 1, 2023	\$ 8,839	\$ 590	\$ 386	\$ 1,321	\$ 11,136
Depreciation charge for the year	1,369	196	907	218	2,690
Disposals / retirements / reclassifications / other	89	(183)	(615)	(520)	(1,229)
Balance at December 31, 2023	\$ 10,297	\$ 603	\$ 678	\$ 1,019	\$ 12,597
Carrying amounts:					
At January 1, 2022	\$ 1,835	\$ 56	\$ 184	\$ 442	\$ 2,517
At December 31, 2022	\$ 2,586	\$ (11)	\$ 429	\$ 111	\$ 3,115
At January 1, 2023	\$ 2,586	\$ (11)	\$ 429	\$ 111	\$ 3,115
At December 31, 2023	\$ 3,146	\$ 162	\$ 448	\$ 408	\$ 4,164

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7. Right-of-use assets

The following table presents the right-of-use assets for the Company:

	Computer hardware	Vehicles	Building	Furniture, Equipment & Other	Total
Cost					
Balance at January 1, 2022	\$ 1,652	\$ 288	\$ 8,372	\$ 51	\$ 10,363
Additions	-	25	1,517	6	1,548
Acquisitions through business combinations (notes 4)	-	149	2,276	17	2,442
Disposals / retirements / reclassifications / other	(533)	(75)	(1,421)	608	(1,421)
Effect of movements in foreign exchange and other	(119)	(12)	(720)	(12)	(863)
Balance at December 31, 2022	\$ 1,000	\$ 374	\$ 10,025	\$ 670	\$ 12,069
Balance at January 1, 2023	\$ 1,000	\$ 374	\$ 10,025	\$ 670	\$ 12,069
Additions	23	-	2,133	5	2,161
Acquisitions through business combinations (note 4)	-	87	9,383	145	9,615
Disposals / retirements / reclassifications / other	-	(7)	(722)	(0)	(729)
Effect of movements in foreign exchange and other	53	2	275	2	332
Balance at December 31, 2023	\$ 1,076	\$ 456	\$ 21,094	\$ 822	\$ 23,448
Depreciation and impairment losses					
Balance at January 1, 2022	\$ 1,085	\$ 128	\$ 4,611	\$ 35	\$ 5,860
Depreciation charge for the year	97	87	2,313	22	2,519
Disposals / retirements / reclassifications / other	(82)	(32)	(1,153)	80	(1,187)
Effect of movements in foreign exchange and other	(115)	(5)	(348)	(5)	(472)
Balance at December 31, 2022	\$ 985	\$ 179	\$ 5,423	\$ 132	\$ 6,719
Balance at January 1, 2023	\$ 985	\$ 179	\$ 5,423	\$ 132	\$ 6,719
Depreciation charge for the year	21	105	4,938	134	5,198
Disposals / retirements / reclassifications / other	-	-	(694)	-	(694)
Effect of movements in foreign exchange and other	53	5	191	3	252
Balance at December 31, 2023	\$ 1,059	\$ 289	\$ 9,858	\$ 269	\$ 11,475
Carrying amounts:					
At January 1, 2022	\$ 567	\$ 160	\$ 3,761	\$ 16	\$ 4,504
At December 31, 2022	\$ 14	\$ 196	\$ 4,601	\$ 538	\$ 5,349
At January 1, 2023	\$ 14	\$ 196	\$ 4,601	\$ 538	\$ 5,349
At December 31, 2023	\$ 17	\$ 167	\$ 11,236	\$ 553	\$ 11,973

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8. Intangible assets and goodwill

	Technology Assets	Customer Assets	Goodwill	Total
Cost				
Balance at January 1, 2022	\$ 108,177	\$ 70,459	\$ -	\$ 178,636
Acquisitions through business combinations (note 4d)	75,413	67,373	1,217	\$ 144,003
Adjustments to purchase price allocations for prior period business combinations	-	(203)	-	(203)
Effect of movements in foreign exchange and other	(7,730)	(4,511)	68	(12,173)
Balance at December 31, 2022	\$ 175,860	\$ 133,118	\$ 1,285	\$ 310,263
Balance at January 1, 2023	\$ 175,860	\$ 133,118	\$ 1,285	\$ 310,263
Acquisitions through business combinations (note 4)	203,662	382,023	64,744	650,429
Effect of movements in foreign exchange and other	5,401	2,828	330	8,559
Balance at December 31, 2023	\$ 384,923	\$ 517,969	\$ 66,359	\$ 969,251
Accumulated amortization and impairment losses				
Balance at January 1, 2022	\$ 56,431	\$ 18,956	\$ -	\$ 75,387
Amortization for the period	20,244	11,592	-	31,836
Effect of movements in foreign exchange and other	(3,623)	(1,390)	-	(5,013)
Balance at December 31, 2022	\$ 73,052	\$ 29,158	\$ -	\$ 102,210
Balance at January 1, 2023	\$ 73,052	\$ 29,158	\$ -	\$ 102,210
Amortization for the period	47,689	33,534	-	81,223
Effect of movements in foreign exchange and other	4,609	1,045	-	5,654
Balance at December 31, 2023	\$ 125,350	\$ 63,737	\$ -	\$ 189,087
Carrying amounts:				
At January 1, 2022	\$ 51,746	\$ 51,503	\$ -	\$ 103,249
At December 31, 2022	\$ 102,808	\$ 103,960	\$ 1,285	\$ 208,053
At January 1, 2023	\$ 102,808	\$ 103,960	\$ 1,285	\$ 208,053
At December 31, 2023	\$ 259,573	\$ 454,232	\$ 66,359	\$ 780,164

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9. Bank debt

On March 2, 2023, WideOrbit entered into a revolving financing facility with a syndicate of Canadian and US financial institutions amounting to \$185,000, to provide long-term financing in connection with the acquisition of WideOrbit (the "WO Loan"), and incurred transaction costs of \$1,771 during the year ended December 31, 2023. The Company drew \$175,000 and used borrowings of \$114,500 to repay its related party payable balance to the Parent (note 25). During the year ended December 31, 2023, the Company repaid \$50,000 of the WO Loan. At December 31, 2023 a balance of \$125,000 remains outstanding.

Covenants associated with this facility are monitored and reported based on the financial position and financial performance of WideOrbit. The covenants include a leverage ratio and a fixed charge coverage ratio. The WO Loan has a maturity date of March 2, 2028 and bears an interest rate of SOFR plus applicable spreads ranging from 1.75% to 3%, based on the leverage ratio. The Company does not guarantee this debt, nor are there any cross-guarantees between other subsidiaries. The credit facility is collateralized by substantially all of the assets of WideOrbit.

On October 31, 2022, Telarix Inc., a subsidiary of Morse, closed term loan funding with a Canadian chartered bank, amounting to \$39,000, of which \$19,666 was drawn and \$18,525 remains outstanding as of December 31, 2023, to provide long-term financing in connection with an acquired business. The financing also comes with a revolving credit facility of \$2,500 (collectively, the "Telarix Loans"). During the year ended December 31, 2023, there were no additional borrowings made on the Telarix Loans and normal course repayments of \$897 made on the term loan (2022 – repayments of \$244).

Covenants and guarantees associated with this loan are monitored and reported based on the financial position and financial performance of Telarix Inc. The covenants include a leverage ratio and an interest coverage ratio. The Telarix loans have a maturity date of October 31, 2026. The term loan bears an interest rate of SOFR plus applicable spreads ranging from 1.85% to 3.85%, based on the leverage ratio. The revolving facility bears an interest rate of Prime plus applicable spreads ranging from 0.50% to 2.50%. The Company does not guarantee the Telarix loans, nor are there any cross-guarantees between other subsidiaries. The Telarix Loans are collateralized by substantially all of the assets of Telarix Inc. and its subsidiaries.

On November 24, 2023, Lumine Group France SAS ("Lumine France") closed a term loan facility with HSBC Continental Europe amounting to €10,000 (\$10,914) to provide long-term financing in connection with its wholly owned subsidiary, WizTivi (the "WizTivi Loan"), of which the full amount was drawn and incurred transaction costs of \$164 during the year ended December 31, 2023.

Covenants associated with this facility are monitored and reported based on the financial position and financial performance of WizTivi. The covenants include a leverage ratio and WizTivi cash position. The WizTivi Loan has a maturity date of November 24, 2028 and bears an interest rate of EURIBOR plus applicable spreads ranging from 2% to 3%, based on the leverage ratio. The Company and Lumine France do not guarantee this debt, nor are there any cross-guarantees between other subsidiaries. The credit facility is collateralized by substantially all of the assets of Lumine France and WizTivi.

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As of December 31, 2023, the Company and its subsidiaries are in compliance with their respective debt covenants.

	Maturity	Principal Amount	Interest Rate	December 31, 2023	December 31, 2022
Telarix Loan – Term loan	2026	39,000	SOFR+1.85%	\$ 18,525	\$ 19,422
Telarix Loan – Revolving facility	2026	2,500	Prime+0.50%	-	-
WO Loan – Term loan	2028	185,000	SOFR+2.5%	125,000	-
WizTivi Loan – Term loan	2028	€10,000	EURIBOR+2.5%	11,036	-
				154,561	19,422
Deferred transaction costs				(1,854)	(309)
Less current portion, net of related transaction costs				\$ (3,071)	\$ (975)
Total long-term debt				\$ 149,636	\$ 18,138

The annual minimum repayment requirements for the term loan facility are as follows:

2024	3,426
2025	3,182
2026	18,539
2027	2,207
2028	127,207
	\$ 154,561

10. Redeemable Preferred and Special Securities

(a) Preferred Shares

On February 22, 2023, the Company issued 55,233,745 Preferred Shares to CSI as non-cash consideration for the acquisition of Lumine Holdings. Additionally, on February 22, 2023, the Company issued 8,348,967 Preferred Shares to CSI for cash proceeds of \$181,485. The Preferred Shares are non-voting, and under certain conditions, are redeemable at the option of the holder for a redemption price of \$21.74 per share. The redemption price may either be settled in cash or through the issuance of Subordinate Voting Shares of equal value, or any combination thereof. The Preferred Shares are also convertible into Subordinate Voting Shares at a conversion ratio of 2.4302106 Subordinate Voting Shares per Preferred Share. The Preferred Share holders are also entitled to a fixed annual cumulative dividend of 5% per annum on the initial Preferred Share value of \$21.74 per share (the “Initial Face Value”).

The fair value of the Preferred Shares on February 22, 2023, the date of issuance, was \$1,382,288 and was recorded as a liability. The Company has determined that the rights associated with the redeemable preferred shares do not result in a fixed amount of cash being exchanged for a fixed amount of shares (i.e. does not meet the “fixed for fixed” requirement). As a result, the Preferred Shares are recorded at fair value at the end of each reporting period. The change in fair value of the Preferred Shares is recorded as Redeemable Preferred and Special Securities expense in the consolidated statements of income (see note 19(f)).

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(b) Special Shares

On February 22, 2023, in connection with the acquisition of WideOrbit, the Company issued 10,204,294 Special Shares (note 4). Holders of Special Shares are entitled to attend and vote at meetings of the Company's shareholders except meetings at which only holders of a particular class are entitled to vote. Holders of Special Shares are entitled to one vote per share. The Special Shares are, under certain conditions, redeemable at the option of the holder for a redemption price of \$21.74 per share, plus one Subordinate Voting Share for each Special Share redeemed. The redemption price may either be settled in cash or through the issuance of Subordinate Voting Shares of equal value, or any combination thereof. The Special Shares are also convertible into Subordinate Voting Shares at a conversion ratio of 3.4302106 Subordinate Voting Shares per Special Share. The Special Share holders are also entitled to a fixed annual cumulative dividend of 5% per annum on the Initial Face Value of \$21.74 per share.

The fair value of the Special Shares on February 22, 2023, the date of issuance, was \$221,841 and was recorded as a liability. The Company has determined that the rights associated with Special Shares do not result in a fixed amount of cash being exchanged for a fixed amount of shares (i.e. does not meet the "fixed for fixed" requirement). As a result, the Special Shares are recorded at fair value at the end of each reporting period. The change in fair value of the Special Shares is recorded as Redeemable Preferred and Special Securities expense in the consolidated statement of income (see note 19(f)).

(c) Accrued dividends

Accrued dividends payable for Preferred and Special Securities as of December 31, 2023 is \$68,449 recorded within Preferred and Special Securities liability on the consolidated statement of financial position. The Company recorded accrued dividends of \$68,473 for the year ended December 31, 2023, under Redeemable Preferred and Special Securities expense in the consolidated statements of income.

On February 9, 2024, the Board of Directors of the Company resolved that the accrued dividends would be satisfied with the issuance of additional Subordinate Voting Shares at time of payment in March 2024.

11. Provisions

At January 1, 2023	\$	4,433
Reversal		(23)
Provisions recorded during the period		1,276
Provisions used during the period		(1,045)
Effect of movements in foreign exchange and other		123
At December 31, 2023	\$	4,764
Provisions classified as current liabilities	\$	-
Provisions classified as other non-current liabilities	\$	4,764

The provisions balance is comprised of various individual provisions for severance costs, statutory severance benefits in certain jurisdictions, royalties, and other estimated liabilities of the Company of uncertain timing or amount.

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12. Lease obligations

The following tables show a reconciliation from the beginning balances to the ending balances for lease obligations for the years ended December 31, 2023 and December 31, 2022, respectively.

At January 1, 2023	\$	6,787
Additions		2,161
Acquisitions through business combinations (note 4)		9,608
Payments		(5,908)
Interest expense on lease liabilities		626
Effect of movements in foreign exchange and other		5
At December 31, 2023	\$	13,279
Lease obligations classified as current liabilities		6,358
Lease obligations classified as other non-current liabilities		6,921
At January 1, 2022	\$	4,615
Additions		1,548
Acquisitions through business combinations (note 4)		3,944
Payments		(2,985)
Interest expense on lease liabilities		204
Effect of movements in foreign exchange and other		(539)
At December 31, 2022	\$	6,787
Lease obligations classified as current liabilities		2,069
Lease obligations classified as other non-current liabilities		4,719

The following table presents the expected maturity of the undiscounted cash flows for lease obligations as at December 31, 2023:

	December 31, 2023
Between 0 to 1 year	\$ 7,858
Between 2 and 5 years	7,315
More than 5 years	-
Total	\$ 15,173
Less: Impact of discounting	(1,894)
Leases obligation recorded on balance sheet	\$ 13,279

The expense relating to variable lease payments not included in the measurement of lease obligations was \$335 (2022 – \$172). This consists primarily of variable lease payments for property taxes. Expenses relating to short-term leases were \$246 (2022 – \$131), expenses relating to leases of low value assets

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were \$4 (2022 – \$4) and sublease income was \$81 (2022 – \$3). Total cash outflow for leases was \$5,908 (2022 – \$2,985).

13. Income taxes

(a) Tax recognized in profit or loss

	2023	2022
Income tax recognized in profit or loss		
Current income tax expense (recovery)		
Current year	24,229	14,913
Adjustment for prior years	566	829
	24,795	15,742
Deferred income tax expense (recovery)		
Origination and reversal of temporary differences	(13,236)	(5,915)
Effect of change in future tax rates	(326)	(660)
Change in recognized temporary differences and unrecognized tax losses	1,115	(1,020)
Adjustment for prior years	(4,699)	329
	(17,146)	(7,266)
Income tax expense (recovery)	7,649	8,476

(b) Reconciliation of effective tax rate

	2023	2022
Net income for the year	(2,826,254)	27,402
Income tax expense	7,649	8,476
Income before income taxes	(2,818,605)	35,878
Income tax expense using the Company' statutory tax rate of 26.5% (2022 – 26.5%)	(746,930)	9,508
Impact on taxes from:		
Foreign tax rate differential	(2,523)	(791)
Other, including non-deductible expenses and non-taxable income	(368)	281
Non-deductible redeemable preferred securities expense	760,814	-
Change in recognized temporary differences and unrecognized tax losses	1,115	(1,020)
Effect of change in future tax rates	(326)	(660)
Adjustment for prior years	(4,133)	1,158
	7,649	8,476

The Company is subject to tax audits in the countries in which the Company does business globally. These tax audits could result in additional tax expense in future periods relating to historical filings. Reviews by tax authorities generally focus on, but are not limited to, the validity of the Company's inter-company transactions, including financing and transfer pricing policies which generally involve subjective areas of taxation and a significant degree of judgment. If any of these tax authorities are successful with their challenges, the Company's income tax expense may be adversely affected and the Company could also be subject to interest and penalty charges.

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(c) Pillar 2 – Global minimum top-up tax

The Base Erosion and Profit Shifting (BEPS) 2.0 initiative is a significant reform of the international tax system led by the Inclusive Framework and the Organisation for Economic Co-operation and Development (OECD). This initiative includes a substantial change for large multinational groups with the “Pillar Two” proposal of a global minimum tax of 15%. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Company operates. The legislation will be effective for the Company’s financial year beginning January 1, 2024. The Company is in the process of assessing the potential exposure arising from Pillar Two legislation, however based on a preliminary assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Company operates are above 15%, and as such the Company does not expect a material exposure to the Pillar Two legislation.

14. Deferred tax assets and liabilities

(a) Unrecognized deferred tax liabilities

The aggregate amount of temporary differences associated with investments in business units for which the Company has not recognized deferred tax liabilities is \$192,147 (2022 - \$60,020) as the Company ultimately controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future. The temporary differences relate to undistributed earnings of the business units of the Company. Dividends declared would be subject to withholding tax in the range of 0-15% depending on the jurisdiction of the business unit.

(b) Unrecognized deferred tax assets

	2023	2022
Deductible temporary differences, including capital losses	2,250	2,006
Non-capital tax losses	107,512	95,613

Non-capital tax losses of \$6,855 expire between 2024 and 2043, and \$100,657 can be carried forward indefinitely. The deductible temporary differences and capital losses do not expire under current tax legislation. Deferred tax assets have not been recognized in respect of those items because it is not probable that future taxable profit will be available in those jurisdictions against which the Company can utilize these benefits.

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(c) Recognized deferred tax assets and liabilities

	Assets		Liabilities		Net	
	December 31,		December 31,		December 31,	
	2023	2022	2023	2022	2023	2022
Property and equipment	2,278	2,069	(62)	(134)	2,216	1,935
Intangible assets	3,596	2,499	(165,164)	(44,304)	(161,568)	(41,805)
Reserves	2,652	1,376	(439)	-	2,213	1,376
Non-capital loss carry forwards	7,080	7,605	-	-	7,080	7,605
Scientific research and experimental development expenditure pool	16,862	1,555	-	-	16,862	1,555
Deferred revenue	1,125	15	(77)	-	1,048	15
Foreign and other tax credits	189	-	(195)	(525)	(6)	(525)
Other, including capital losses, withholding tax and foreign exchange	1,782	584	(304)	(1,834)	1,478	(1,250)
Tax assets (liabilities)	35,564	15,703	(166,240)	(46,797)	(130,677)	(31,094)
Reclassification	(29,367)	(12,772)	29,367	12,772	-	-
Net tax assets (liabilities)	6,197	2,931	(136,874)	(34,025)	(130,677)	(31,094)

This reclassification relates to the offsetting of deferred tax assets and deferred tax liabilities to the extent that they relate to the same taxing authorities and there is a legally enforceable right to do so.

(d) Movement in deferred tax balances during the year

	Balance January 1, 2023	Recognized in profit or loss	Acquired in business combinations (note 4)	Other	Balance December 31, 2023
Property and equipment	1,935	273	8	-	2,216
Intangible assets	(41,805)	18,597	(137,894)	(466)	(161,568)
Reserves	1,376	1,438	(601)	-	2,213
Non-capital loss carry forwards	7,605	(6,627)	6,102	-	7,080
Scientific research and experimental development expenditure pool	1,555	5,080	10,227	-	16,862
Deferred revenue	15	1,034	-	(1)	1,048
Tax credits	(525)	519	-	-	(6)
Other, including capital losses, withholding tax and foreign exchange	(1,250)	(3,168)	6,003	(107)	1,478
	(31,094)	17,146	(116,155)	(574)	(130,677)

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	Balance January 1, 2022	Recognized in profit or loss	Acquired in business combinations and transfer from Parent (notes 4)	Other	Balance December 31, 2022
Property and equipment	1,461	268	206	-	1,935
Intangible assets	(20,018)	4,795	(27,388)	806	(41,806)
Reserves	666	235	475	-	1,376
Non-capital loss carry forwards	5,708	(954)	2,851	-	7,605
Scientific research and experimental development expenditure pool	-	1,555	-	-	1,555
Deferred revenue	1	11	3	-	15
Tax credits	(759)	234	-	-	(525)
Other, including capital losses, withholding tax and foreign exchange	(107)	1,122	(4,727)	2,462	(1,250)
	(13,048)	7,266	(28,580)	3,268	(31,094)

15. Capital and other components of equity

(a) Capital stock

	Subordinate Voting & Super Voting Shares	
	Number	Amount
At January 1, 2023	63,582,713	\$ -
Special Share Conversion	407,951	-
At December 31, 2023	63,990,664	\$ -

On February 21, 2023, as a result of the share capital reorganization, the Company exchanged its one common share issued to the Parent, into one Super Voting Share.

On February 22, 2023, the Company completed the acquisition of Lumine Holdings and issued 63,582,712 Subordinate Voting Shares to Parent. Lumine Holdings was an entity under common control and as a result the Company's comparative financial information has been restated to reflect the results of Lumine Holdings from January 1, 2022 through the date of the common control acquisition. During the preceding year, Lumine Holdings completed an internal reorganization on December 31, 2022. Prior to December 31, 2022 the results of the Lumine portfolio entities were presented on a combined basis. Consequently, prior to December 31, 2022, the portfolio did not have capital structure. Capital stock has been restated from December 31, 2022, the date of the completion of the reorganization of Lumine Holdings. Shares issued as a result of the acquisition of Lumine Holdings are considered outstanding throughout the common control period beginning December 31, 2022.

The Company's authorized share capital consists of an unlimited number of Subordinate Voting Shares, an unlimited number of Special Shares, an unlimited number of Preferred Shares and 1 Super Voting Share. As at December 31, 2023, there are 63,990,663 Subordinate Voting Shares, 63,582,712 Preferred Shares, 10,085,365 Special Shares and 1 Super Voting Share outstanding. The Super Voting Share is held by Parent and is convertible into a Subordinate Voting Share on a one-for-one basis.

Holders of Subordinate Voting Shares, the Super Voting Share, and Special Shares are entitled to attend and vote at meetings of the Company's shareholders except meetings at which only holders of a particular class are entitled to vote. Holders of Subordinate Voting Shares and Special Shares are entitled to one vote

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per share, and the holder of the Super Voting Share is entitled to that number of votes that equals 50.1% of the aggregate number of votes attached to all of the outstanding Super Voting Shares, Subordinate Voting Shares and Special Shares at such time. Other than in respect of voting rights, the Subordinate Voting Shares and the Super Voting Share have the same rights, are equal in all respects and are treated as if they were one class of shares.

During the year ended December 31, 2023, 118,929 Special Shares with a value of \$5,110 were converted into 407,951 Subordinate Voting Shares with a corresponding credit to retained earnings. Dividends accrued to the date prior to the date of conversion of \$24 were settled in cash (note 19(f)).

(b) Contributed surplus

On February 22, 2023, the Company acquired a 100% ownership interest in Lumine Holdings for non-cash consideration of \$1,200,804 (note 1). Contributed surplus of (\$1,200,804) is recorded to reflect the excess consideration exchanged over the carrying value of the net assets acquired upon completion of the acquisition since the Company and Lumine Holdings were all related under the common control of CSI at the time of the acquisition.

Prior to the acquisition of Lumine Holdings, the Parent made capital contributions of \$22,451 in relation to the acquisitions described in note 4 and the common control transaction described in note 1.

(c) Accumulated other comprehensive income (loss)

Accumulated other comprehensive income (loss) is comprised of the following separate components of equity:

Cumulative translation account

The cumulative translation account comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as foreign exchange gains and losses arising from monetary items that form part of the net investment in the foreign operation.

(d) Dividends

During the year ended December 31, 2023, the Company did not declare any dividends on the Subordinate Voting Shares.

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16. Finance costs and other expenses (income)

	Year months ended December 31,	
	2023	2022
Interest expense on contingent consideration	\$ 19	\$ 178
Interest expense on bank debt	11,560	199
Interest expense on lease obligations	626	204
Foreign exchange loss (gain)	(1,026)	(1,941)
Other expenses (income)	(94)	946
Finance and other expenses (income)	\$ 11,085	\$ (414)

17. Earnings per share

(a) Basic earnings per share

	Year months ended December 31,	
	2023	2022
Numerator:		
Net income (loss)	\$ (2,826,254)	\$ 27,402
Denominator:		
Basic weighted average shares outstanding	72,499,119	63,582,713
Basic earnings per share:	\$ (38.98)	\$ 0.43

(b) Diluted earnings per share

	Year months ended December 31,	
	2023	2022
Numerator:		
Net income (loss)	\$ (2,826,254)	\$ 27,402
Add: Expense associated with the redeemable preferred securities	2,802,523	-
Net income (loss) to be used for diluted earnings per share	\$ (23,731)	\$ 27,402
Denominator:		
Basic weighted average shares outstanding	72,499,119	63,582,713
Add: Effect of dilutive shares	172,577,059	134,229,633
Diluted weighted average shares outstanding	245,076,178	197,812,346
Diluted earnings per share:	\$ (38.98)	\$ 0.14

The number of basic and diluted shares outstanding represents the shares issued as part of a series of transactions described in note 1. The impact of diluted weighted average shares outstanding determined above is anti-dilutive due to the net loss for the year ended December 31, 2023.

The number of basic shares outstanding includes Special Shares due to the terms of the Shareholder Agreement which entitles the holders of Special Shares to dividends declared to Subordinate Voting Shares and Super Voting Share.

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The number of basic and diluted shares outstanding represents the shares issued as part of the amalgamation completed on February 22, 2023. Based on the election described in note 2(b), the disclosures have been restated for the year ended December 31, 2022, to reflect the amalgamation as if it had occurred as at December 31, 2022, the date at which the consolidated results of Lumine Holdings were first presented. Prior to December 31, 2022 the results were presented on a combined basis and the predecessor entity included no outstanding share structure.

18. Capital risk management

The Company's objectives in managing capital are to ensure sufficient liquidity to pursue strategic acquisitions, support growth initiatives, and to provide returns to its shareholders. The Company manages its capital with the objective of ensuring that there are adequate capital resources while maximizing the return to shareholders through the optimization of debt and equity. The capital structure of the Company consists of cash, bank debt, and components of shareholders' equity including retained earnings and capital stock.

The Company is subject to certain covenants on bank debt. The covenants include a leverage ratio and an interest coverage ratio. The Company monitors the ratios on a quarterly basis. As at December 31, 2023, the Company is in compliance with its debt covenants. Other than the covenants required for the bank debt, the Company is not subject to any externally imposed capital requirements.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions.

19. Financial risk management and financial instruments

(a) Overview

The Company is exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth. The main objectives of the Company's risk management process are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal financial risks to which the Company is exposed are described below.

(b) Market risk

Market risk is the risk that changes in market prices, such as fluctuations in foreign exchange rates and interest rates, will affect the Company's income or the value of its financial instruments.

The Company operates internationally, giving rise to exposure to market risks from changes in foreign exchange rates which impact sales and purchases that are denominated in a currency other than the respective functional currencies of certain of its subsidiaries. Most of the Company's business units are organized geographically so that many of its expenses are incurred in the same currency as its revenues thus mitigating some of its exposure to currency fluctuations.

The Company currently does not use derivative instruments to hedge its exposure to those risks.

The Company is also exposed to interest rate risk on the utilized portion of bank debt. If there was a 1% increase in the interest rate on utilized portion of the bank debt, there would be a corresponding decrease in income before tax of \$1,527. There would be an equal and opposite impact if there was a 1% decrease in the interest rate.

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(c) Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost. The Company manages liquidity risk through the management of its capital structure, as outlined in note 18 to the consolidated financial statements. The Company's growth is financed through a combination of cash flows from operations and business acquisitions. One of the Company's primary goals is to maintain an optimal level of liquidity through the active management of its assets and liabilities as well as its cash flows from operations.

The majority of the Company's financial liabilities recorded in accounts payable and accrued liabilities are due within 60 days. Holdbacks payable related to business acquisitions are generally due within six months to two years.

Given the Company's available liquid resources as compared to the timing of the payments of liabilities, the Company assesses its liquidity risk to be low

(d) Credit risk

Credit risk represents the financial loss that the Company would experience if a counterparty to a financial instrument, in which the Company has an amount owing from the counterparty failed to meet its obligations in accordance with the terms and conditions of its contracts with the Company. The carrying amount of the Company's financial assets, including receivables from customers, represents the Company's maximum credit exposure.

The majority of the accounts receivable balance relates to invoices to customers that have a history of payment. In addition, a large proportion of the Company's accounts receivable are with Tier 1 customers in the private sectors where the credit risk has historically been assessed to be low. Furthermore, the Company generally does not provide significant financing arrangements to our customers and many of the Company's invoices are paid in advance of providing services. During the year ended December 31, 2023, the Company recognized a bad debt recovery of \$2,219 compared to bad debt expense arising from credit loss of \$621 during December 31, 2022.

An allowance account for accounts receivable is used to record impairment losses arising from credit risk unless the Company is satisfied that no recovery of the amount owing is possible; at which point the amounts are considered to be uncollectible and are written off against the specific accounts receivable amount attributable to a customer. The number of days outstanding of an individual receivable balance is the key indicator for determining whether an account is at risk of being impaired. If an accounts receivable balance has aged more than 365 days, a minimum provision of 100% of the outstanding balance is normally applied. If an accounts receivable balance has aged more than 270 days, a minimum provision of 50% for non-government customers is normally applied. The Company would also record a provision for any known or estimated amounts that are not collectible over and above the minimum provision requirements regardless of aging.

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The aging of accounts receivables at the reporting date was:

	December 31, 2023	December 31, 2022
Current		
Gross	\$ 92,274	\$ 57,656
Impairment	(452)	(364)
Net	91,822	57,292
90-180 days		
Gross	10,625	6,826
Impairment	(588)	(381)
Net	10,037	6,445
More than 180 days		
Gross	7,123	5,021
Impairment	(4,027)	(3,909)
Net	3,096	1,112
Total accounts receivable		
Gross	\$ 110,022	\$ 69,503
Impairment	(5,067)	(4,654)
Net	104,955	64,849

An allowance account for accounts receivable is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at which point the amounts are considered to be uncollectible and are written off against the specific accounts receivable amount attributable to a customer. The number of days outstanding of an individual receivable balance is the key indicator for determining whether an account is at risk of being impaired.

The movement in the allowance for impairment in respect of accounts receivable during the year ended:

	2023	2022
Aggregate balance at January 1	\$ 4,654	\$ 466
Increase from business acquisitions (note 4)	2,443	3,553
Charges through profit or loss	(2,219)	621
Reversal of Impairment provisions recorded in profit or loss	283	285
Amounts written off	(170)	(227)
Other movements	76	(45)
Aggregate balance at December 31	\$ 5,067	\$ 4,654

There is no significant concentration of credit risk because of the Company's diverse and disparate number of customers with individual receivables that are not significant to the Company on a combined basis. In addition, the Company typically requires up front deposits from customers to protect against credit risk.

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The Company manages credit risk related to cash by maintaining the majority of the Company's bank accounts with large, international, well-capitalized financial institutions.

(e) Fair values versus carrying amounts

The carrying values of cash, accounts receivable, accounts payable and accrued liabilities (excluding contingent consideration), income taxes payable, and acquisition holdbacks approximate their fair values due to the short-term nature of these instruments. The carrying value of bank debt approximates its fair values as it is subject to market interest rates.

(f) Fair value hierarchy

The table below analyzes financial instruments carried at fair value, by valuation method.

- level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2 inputs are inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- level 3 inputs are inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

In the table below, the Company has segregated all financial assets and liabilities that are measured at fair value into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date.

Financial assets and financial liabilities measured at fair value as at December 31, 2023 and December 31, 2022 in the financial statements are summarized below. The Company has no additional financial liabilities measured at fair value initially other than those recognized in connection with business combinations.

	December 31, 2023				December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Liabilities:								
Contingent Consideration	-	-	3,161	3,161	-	-	3,400	3,400
Preferred and Special Share Securities	-	-	4,401,547	4,401,547	-	-	-	-
	\$ -	\$ -	\$ 4,404,708	\$ 4,404,708	\$ -	\$ -	\$ 3,400	\$ 3,400

There were no transfers of fair value measurements between level 1, 2 and level 3 of the fair value hierarchy in the year ended December 31, 2023 and 2022.

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The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

(i) Contingent Consideration

Balance at January 1, 2022	\$	7,252
Increase from business acquisitions		3,298
Settlements through cash payments and reductions in due from related parties (note 25)		(4,794)
Charges (recoveries) through profit or loss		(2,130)
Interest on contingent consideration liabilities		178
Foreign exchange and other movements		(404)
Balance at December 31, 2022	\$	3,400
Contingent consideration classified as current liabilities		3,106
Contingent consideration classified as other non-current liabilities		293
Balance at January 1, 2023	\$	3,400
Increase from business acquisitions (note 4)		4,509
Settlements through cash payments		(4,077)
Charges (recoveries) through profit or loss		(729)
Interest on contingent consideration liabilities		19
Foreign exchange and other movements		39
Balance at December 31, 2023	\$	3,161
Contingent consideration classified as current liabilities		1,038
Contingent consideration classified as other non-current liabilities		2,123

Estimates of the fair value of contingent consideration are performed by the Company on a quarterly basis. Key unobservable inputs include revenue growth rates and the discount rates applied (8%). The estimated fair value increases as the annual growth rate increases and as the discount rate decreases and vice versa.

The obligations for contingent consideration for acquisitions during the year ended December 31, 2023 and December 31, 2022 have been recorded at their estimated fair value at each reporting date. Aggregate contingent consideration of \$3,161 (December 31, 2022 – \$3,400) has been included in accounts payable and accrued liabilities and other liabilities in the consolidated statement of financial position at its estimated fair value. Changes made to the estimated fair value of contingent consideration have been included in other, net in the consolidated financial statements of income resulting in a gain of \$729 for the year ended December 31, 2023 (December 31, 2022 – a gain of \$2,130).

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(ii) Preferred and Special Share Securities

Balance at January 1, 2023	\$	-
Issuance of Special Shares in relation to the acquisition of WideOrbit		221,841
Issuance of Preferred Shares to CSI		1,382,288
Cash recoveries (payments)		(24)
Accrued dividends recorded in profit or loss		68,473
Mark-to-market adjustments recorded in profit or loss		2,802,523
Share conversion by the holders		(5,110)
Foreign exchange and other movements		4
Balance at December 31, 2023	\$	4,469,996
Preferred and Special Securities classified as current liabilities		4,469,996

Estimates of the fair value of Preferred and Special Share Securities are performed by the Company on a quarterly basis. Key unobservable inputs include expected volatility and the credit spread of the Preferred and Special Securities. The estimated fair value increases as the expected volatility increases. The estimated fair value decreases as the credit spread increases. The key observable input is the Subordinate Voting Share price of Lumine. As the Lumine Subordinate Voting Share price increases, the fair value of the Preferred and Special Securities increases.

20. Revenue

The following tables provides information about unbilled revenue (contract asset) and deferred revenue (contract liability).

(a) Unbilled Revenue:

	2023		2022	
Balance at January 1,	\$	9,805	\$	7,219
Increase from business acquisitions (note 4)		23,625		3,855
Transfers to accounts receivable		(32,026)		(22,438)
Changes as a result of the measure of progress		42,149		20,781
Foreign exchange and other movements		427		388
Balance at December 31,	\$	43,980	\$	9,805
 Unbilled revenue classified as a current asset	 \$	 39,858	 \$	 9,805
Unbilled revenue classified as a non-current asset	\$	4,122	\$	-

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(b) Deferred Revenue:

		2023		2022
Balance at January 1,	\$	63,230	\$	65,783
Increase from business acquisitions (note 4)		41,747		10,510
Decrease from revenue recognized that was included in the deferred revenue balance at the beginning of the period		(62,980)		(58,311)
Decrease from revenue recognized that arose from acquired deferred revenue balances in the current year		(9,727)		(10,866)
Increase due to cash received, excluding amounts recognized as revenue during the period		63,242		60,202
Foreign exchange and other movements		1,773		(4,088)
Balance at December 31,	\$	97,286	\$	63,230
Deferred revenue classified as a current liability		91,752		61,547
Deferred revenue classified as an other non-current liability		5,533		1,684

Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized (“contracted not yet recognized”) and includes unearned revenue and amounts that will be invoiced and recognized as revenue in future periods. Contracted not yet recognized revenue was approximately \$515,000 as of December 31, 2023, of which the Company expects to recognize an estimated 55% of the revenue over the next 12 months and the remainder thereafter.

(c) Costs to obtain a contract with a customer:

The Company has capitalized and amortized incremental commission costs on a systematic basis, consistent with the pattern of transfer of the good(s) or service(s) to which the commission relates as the Company believes these costs are recoverable. The total capitalized commission costs as of December 31, 2023 is \$2,017 (December 31, 2022 – \$910). The amount of amortization expense for the year ended December 31, 2023 was \$836 (December 31, 2022 – \$763) and there was no impairment loss in relation to the costs capitalized.

21. Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company’s other components. The operating results of all operating segments are reviewed regularly by the Company’s CEO, the Company’s chief operating decision maker, to make decisions about resources to be allocated to the segment and assessing their performance.

Each of the Company’s operating segments operate essentially as “mini Lumine companies”, conglomerates of small vertical market software companies with similar economic characteristics. Each operating segment CEO is focused on investing capital that generates returns at or above the investment hurdle rates set by the Company’s and the Parent’s board of directors. The Company aggregates operating segments into one reportable segment, consistent with the objective and basic principles of IFRS 8.

(a) Geographical information

The Company operates primarily in three principal geographical areas: Europe, Middle East, and Africa (“EMEA”); Americas; and Asia-Pacific (“APAC”).

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In presenting the geographical information, revenue is based on the region in which the revenue is transacted and intellectual property is located. Assets are based on the geographic locations of the assets.

Year ended December 31, 2023	EMEA	Americas	APAC	Total
Revenue	\$ 218,056	\$ 268,777	\$ 12,836	\$ 499,669
Non-current assets	159,978	646,802	8,781	815,561

Year ended December 31, 2022	EMEA	Americas	APAC	Total
Revenue	\$ 165,860	\$ 75,355	\$ 14,530	\$ 255,745
Non-current assets	153,233	66,129	8,578	227,940

(b) Major customers

No customer represents revenue in excess of 5% of total revenue in both the years ended December 31, 2023 and 2022.

22. Contingencies

In the normal course of operations, the Company is subject to litigation and claims from time to time. The Company may also be subject to lawsuits, investigations and other claims, including environmental, labour, income and sales tax, product, customer disputes and other matters. The Company believes that adequate provisions have been recorded in the accounts where required. Although it is not always possible to estimate the extent of potential costs, if any, the Company believes that the ultimate resolution of such contingencies will not have a material adverse impact on the results of operations, financial position or liquidity of the Company.

23. Guarantees

- (a) In the ordinary course of business the Company and its subsidiaries have provided performance bonds, letters of credit, and other guarantees for the completion of certain customer contracts and other contracts in the normal course of operations. As at December 31, 2023, the total obligations of the Company pursuant to such bonds and related contingencies total \$51 (December 31, 2022 \$48). No liability has been recorded in the consolidated financial statements.
- (b) In the normal course of business, some of the Company's subsidiaries entered into lease agreements for facilities. As the joint lessees, the subsidiaries agree to indemnify the lessor for liabilities that may arise from the use of the leased facility. The maximum amount potentially payable under the foregoing indemnity cannot be reasonably estimated. The subsidiaries have liability insurance that relates to the indemnifications.

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- (c) The Company and its subsidiaries have provided routine indemnifications to some of its customers against liability if the Company's product infringes on a third party's intellectual property rights. The maximum exposure from the indemnifications cannot be reasonably estimated.

24. Changes in non-cash operating working capital

	Year months ended December 31,	
	2023	2022
Decrease (increase) in current accounts receivable	2,821	(9,623)
Decrease (increase) in current unbilled revenue	(11,984)	1,528
Decrease (increase) in other current assets	10,753	(3,271)
Decrease (increase) in inventories	11	(19)
Decrease (increase) in other non-current assets	3,141	1,874
Increase (decrease) in other non-current liabilities	1,219	(2,111)
Increase (decrease) in current accounts payable and accrued liabilities, excluding holdbacks from acquisitions	(5,019)	(6,844)
Increase (decrease) in current deferred revenue	(13,316)	(8,283)
Increase (decrease) in current provisions	(108)	(6)
Change in non-cash operating working capital	(12,483)	(26,755)

25. Related party transactions

Transactions with related parties are assumed when a relationship exists between the Company and a natural person or entity that is affiliated with the Company. This includes, amongst others, the relationship between the Company and its subsidiaries, significant shareholders, directors, key management personnel, certain companies affiliated with key management personnel, and companies that are under common control of the Company's controlling shareholder, CSI. Transactions are transfers of resources, services or obligations, regardless whether anything has been charged.

(a) Transactions with CSI

The Company pays management fees to CSI (included within "Other, net" expenses), reimburses CSI for certain expenses paid on behalf of the Company, and borrows funds from CSI from time to time to fund acquisitions. During the year ended December 31, 2023, the Company expensed management fees of \$2,341 respectively (December 31, 2022 – \$3,811). At December 31, 2023, the Company had outstanding amounts due to related parties of \$2,380 (December 31, 2022 – \$35,466) which reflects the amount owing to the Parent for management fees and the reimbursement of expenses paid on its behalf, net of the cash sent to the Parent during the year.

During the year ended December 31, 2023, the Company borrowed \$114,500 from the Parent in relation to the WideOrbit acquisition, which was repaid with the proceeds from the WO Loan in March 2023 (note 9). In relation to the acquisition of WideOrbit, the Company issued 8,348,967 Preferred Shares to the Parent for cash proceeds of \$181,485 (note 10) and transferred cash of \$9,490 to the Parent for the holdback consideration (note 4).

Parent makes cash and non-cash capital contributions for certain acquisitions completed by the Company. During the year ended December 31, 2023, Parent made capital contributions of \$22,451 in relation to the acquisitions described in note 4 and the common control transaction described in note 1.

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On February 22, 2023, the Company acquired a 100% ownership interest in Lumine Holdings for a non-cash consideration of \$1,200,804 (note 1). The acquisition of Lumine Holdings is a business combination involving entities under common control in which all of the combining entities are ultimately controlled by CSI, both before and after the acquisition and Amalgamation transactions were completed.

(b) Key management personnel compensation

The key management personnel of the Company are the members of the Company's executive management team and its Board of Directors.

	Years ended December 31,	
	2023	2022
Salaries, bonus and employee benefits	\$ 3,594	\$ 3,167
Total	\$ 3,594	\$ 3,167

There were no significant post-employment benefits, other long-term benefits, or share-based payments attributed to the key management personnel in 2023 and 2022.