No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities to be distributed under this Canadian prospectus may not be offered or sold in the United States by holders thereof unless registered under the U.S. Securities Act of 1933, as amended, and applicable state securities laws or an exemption from such registration is available. This Canadian prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities within the United States.

Prospectus

Initial Public Offering and Secondary Offering February 6, 2023

LUMINE

Lumine Group Inc.

Distribution by Constellation Software Inc. as a Dividend-in-Kind of 63,582,712 Subordinate Voting Shares of Lumine Group Inc.

Lumine Group Inc. (the "**Company**") is a newly-created corporation established under the *Business Corporations Act* (Ontario) and is an indirect wholly-owned subsidiary of Constellation Software Inc. ("**CSI**") as of the date of this prospectus. The business of the Company (the "**Business**") will be comprised of (i) what is currently the Lumine portfolio of companies (the "**Lumine Portfolio**") of the Volaris operating group of CSI (the "**Volaris Operating Group**"), and (ii) the business carried on by WideOrbit Inc. (the "**Target**"), a U.S.-based media vertical market software provider. Following the Spin-Out and the Acquisition (each as defined herein), CSI will indirectly own a 61.05% interest in the Company and the CSI Shareholders (as defined herein) will own a 25.12% interest in the Company, in each case on a fully-diluted basis. The remaining 13.83% interest in the Company will collectively be owned by Eric Mathewson and certain investors affiliated therewith (the "**Majority Rollover Shareholders**"), and certain pre-Acquisition stockholders of the Target (the "**Minority Rollover Shareholders**", and together with the Majority Rollover Shareholders, the "**Rollover Shareholder Group**"). The Company will operate as a separate publicly listed company from CSI. For more information see "*Lumine Group Inc.*" and "*Description of Capital Structure*".

This prospectus qualifies the distribution by CSI of an aggregate of 63,582,712 subordinate voting shares of the Company (the "**Spin-Out Shares**") to the holders of common shares of CSI (the "**CSI Shareholders**") on a pro-rata basis by way of a dividend-in-kind (the "**Dividend**") under applicable securities laws in each of the provinces and territories of Canada. See "*Principal and Selling Shareholders*". The securities to be distributed under this Canadian prospectus may not be offered or sold in the United States by holders thereof unless registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") and applicable state securities laws or an exemption from such registration is available. This Canadian prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities within the United States. CSI will indirectly own preferred shares of the Company that will have a cumulative dividend entitlement of 5% and a redemption amount equal to the fair market value of the Business at the time of the Dividend. CSI will have the right to cause the redemption of those preferred shares at any time, subject to certain conditions. As a result, the Spin-Out Shares are expected to have a nominal fair market value at the time of the Dividend.

The Dividend will be paid at a ratio of 3.0003833 Spin-Out Shares for every one common share of CSI (the "**CSI Common Shares**") which is outstanding on the record date to be fixed by the board of directors of CSI (the "**Record Date**"). Fractional shares will not be issued. The number of Spin-Out Shares to be distributed to a CSI Shareholder will be rounded down to the nearest whole number of Spin-Out Shares. As of the date of this prospectus, there were 21,191,530 CSI Common Shares outstanding.

The Spin-Out Shares are not available for purchase pursuant to this prospectus, and no funds are to be received by the Company or CSI from the distribution of the Spin-Out Shares. The expenses of the Offering will be paid by the Company, which is, at the date of this prospectus, an indirect wholly-owned subsidiary of CSI.

As at the date of this prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America. However, the Company has applied to list the securities distributed under this prospectus on the TSX Venture Exchange (the "**TSXV**"). Listing will be subject to the issuer fulfilling all the listing requirements of the TSXV. **There is currently no market through which the Spin-Out Shares may be sold and holders may not be able to resell the Spin-Out Shares distributed under this prospectus. This may affect the pricing of the Spin-Out Shares in the secondary market, and the transparency and availability of trading price, the liquidity of the Spin-Out Shares, and the extent of issuer regulation. See "*Risk Factors*".** The TSXV has conditionally approved the listing of the Spin-Out Shares on the TSXV (the "**Listing**"). The Listing and the commencement of trading of the Spin-Out Shares on the TSXV (the "**Trading**") is intended to occur approximately 30 days after the effective time of the distribution of the Spin-Out Shares. Neither the Listing nor the Trading, nor the intended timing of the Listing or Trading, can be guaranteed.

CSI Shareholders are advised to consult their own tax advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, foreign and other tax consequences of receiving, holding or disposing of the Spin-Out Shares.

No underwriters or selling agents have been involved in the proposed distribution of the Spin-Out Shares, or the preparation of this prospectus, or performed a review or independent due diligence of the contents of this prospectus and no underwriters or selling agents have been, or will be, compensated for the distribution of the Spin-Out Shares.

Robin van Poelje and Eric Mathewson reside outside of Canada and have appointed Lumine Group Inc., 5060 Spectrum Way, Suite 100, Mississauga, Ontario, L4W 5N5 as their agent for service of process. Prospective investors are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process. See "*Agent for Service of Process*".

There are risks inherent in the Company's business that may adversely affect the value of the Spin-Out Shares. See "*Risk Factors*".

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GENERAL MATTERS

All references in this prospectus to the "Company", "we", "us", "our" and "our company" refer to Lumine Group Inc. and its subsidiaries, unless the context requires otherwise.

Unless otherwise indicated, all information in this prospectus assumes that the Pre-Closing Reorganization, the Spin-Out and the Acquisition have been completed. See "*Description of Capital Structure*", "*Pre-Closing Reorganization*", "*The Spin-Out*" and "*Acquisition of the Target*".

References to "fully-diluted" in this prospectus assume (i) the conversion of all Preferred Shares and Special Shares into Subordinate Voting Shares, (ii) any accrued but unpaid dividends on the Preferred Shares or Special Shares are paid in cash, and (iii) there are no further share issuances by the Company. Unless otherwise indicated, references to "fully-diluted" exclude the conversion of the Super Voting Share into a Subordinate Voting Share. See "*Lumine Group Inc. – Overview*" for a simplified diagram of the Company's corporate structure and fully-diluted capital structure assuming the completion of each of the Pre-Closing Reorganization, the Spin-Out and the Acquisition.

The Company prepares its financial statements in U.S. dollars and in conformity with International Financial Reporting Standards ("**IFRS**").

All references to "$" or "dollars" are to U.S. dollars and all references to "C$" are to Canadian dollars.

Certain trademarks used in this prospectus, such as Lumine, are owned by the Company. All other trademarks or service marks appearing in this prospectus are the trademarks or service marks of the company that owns them.

The terms and phrases used in this prospectus are defined in the "*Glossary of Terms*", and in some instances, also in the body of this prospectus.

EXCHANGE RATE INFORMATION

The following table sets out (i) the rate of exchange for one U.S. dollar in Canadian dollars in effect at the end of each of the periods indicated, (ii) the high and low rate of exchange during those periods, and (iii) the average rate of exchange for that period, each based on the closing buying rate of exchange published by the Bank of Canada.

	Nine months ended September 30, 2022	**Year ended December 31, 2021**	**Year ended December 31, 2020**
High	C$1.3726	C$1.2942	C$1.4496
Low	C$1.2451	C$1.2040	C$1.2718
End of Period	C$1.3707	C$1.2678	C$1.2732
Average	C$1.2828	C$1.2535	C$1.3415

On February 3, 2023 the closing buying rate for one U.S. dollar in Canadian dollars published by the Bank of Canada was $1.00 = C$1.3391.

ELIGIBILITY FOR INVESTMENT

Based on the current provisions of the *Income Tax Act* (Canada) and the regulations promulgated thereunder (the "**Tax Act**"), provided that at the time of the Dividend the Spin-Out Shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the TSXV), or the Company is, or is deemed to be, a "public corporation" as defined in the Tax Act, the Spin-Out Shares will be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), deferred profit sharing plan ("**DPSP**"), registered retirement income fund ("**RRIF**"), registered education savings plan (''**RESP**"), registered disability savings plan ("**RDSP**"), and a tax free savings account ("**TFSA**" and, together with RRSPs, DPSPs, RRIFs, RESPs and

RDSPs, the “**Registered Plans**”). If the Spin-Out Shares are not listed on a “designated stock exchange” at the time of the Dividend, the Company intends to file an election, in its tax return for its first taxation year, to be deemed to have been a public corporation from the beginning of that year.

Notwithstanding that the Spin-Out Shares may be qualified investments for a trust governed by a TFSA, RDSP, RRSP, RRIF or RESP, the holder, annuitant or subscriber of such TFSA, RDSP, RRSP, RRIF or RESP, as the case may be, will be subject to a penalty tax in respect of the Spin-Out Shares held by such TFSA, RDSP, RRSP, RRIF or RESP, as the case may be, if such Spin-Out Shares are a “prohibited investment” for such Registered Plan for the purposes of the Tax Act. The Spin-Out Shares will not be a prohibited investment for a TFSA, RDSP, RRSP, RRIF or RESP, provided that the holder, annuitant or subscriber thereof, as the case may be (i) deals at arm’s length with the Company for purposes of the Tax Act and (ii) does not have a “significant interest” (within the meaning of the Tax Act) in the Company. In addition, the Spin-Out Shares will not be a prohibited investment if the Spin-Out Shares are “excluded property” (as defined in the Tax Act) for trusts governed by a TFSA, RDSP, RRSP, RRIF or RESP.

Based on legislative proposals that received royal assent on December 15, 2022, the Spin-Out Shares will be qualified investments for trusts governed by first home savings accounts (“**FHSAs**”) provided the conditions discussed above in relation to Registered Plans are satisfied. In addition, the rules in respect of “prohibited investments” will also apply to FHSAs and the holders thereof. The rules in the Tax Act applicable to FHSAs come into force on April 1, 2023.

FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus may constitute “forward-looking” statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this prospectus, such statements use such words as “may”, “will”, “expect”, “believe”, “plan”, “intend”, “should”, “anticipate” and other similar terminology. These statements reflect current assumptions and expectations regarding future events and operating performance and speak only as of the date of this prospectus. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to vary significantly from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under “*Risk Factors*”. Although the forward-looking statements contained in this prospectus are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this prospectus, and the Company assumes no obligation to update or revise them to reflect new events or circumstances.

PROSPECTUS SUMMARY

The following is a summary of the principal features of this prospectus and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus. Unless otherwise indicated, the disclosure contained in this prospectus assumes that the steps under the heading "Description of Capital Structure", "Pre-Closing Reorganization", "The Spin-Out" and "Acquisition of the Target" have been completed. All references to "$" are to U.S. dollars and all references to "C$" are to Canadian dollars. Please refer to the "Glossary of Terms" for a list of defined terms used herein.

Lumine Group Inc.

The Business will be comprised of (i) what is currently the Lumine Portfolio, and (ii) the business carried on by the Target. Following the Spin-Out and the Acquisition, CSI will indirectly own a 61.05% interest in the Company and the CSI Shareholders will own a 25.12% interest in the Company, in each case on a fully-diluted basis. The remaining 13.83% interest in the Company will be owned by the Rollover Shareholder Group. The Company will operate as a separate publicly listed company from CSI. For more information see "*Lumine Group Inc.*" and "*Description of Capital Structure*", "*Pre-Closing Reorganization*", "*The Spin-Out*" and "*Acquisition of the Target*".

We are headquartered in Toronto, Ontario, Canada, with businesses located worldwide, and focus on acquiring, strengthening, and growing vertical market software ("**VMS**") businesses in the Communications and Media industry. Generally, our businesses provide mission critical software solutions that address the specific needs of customers in particular segments of the Communications and Media industry. Our focus on acquiring businesses with long-term growth potential, strengthening their core profitability, and then making measured investments to grow them, has allowed us to generate significant cash flow and revenue growth over the past nine years. Our software solutions are designed to enable our customers to boost productivity and operate more cost effectively, innovate more rapidly to address rapidly changing market needs and opportunities, grow top-line sales, improve customer service, and reduce customer churn. Many of the VMS businesses that we acquire have the potential to be leaders within their particular market niches whether that be some combination of geography, tier of customer, type of customer, or other differentiated customer demographic. We target the VMS sector because of the attractive economics that it provides and our belief that our management teams have a deep understanding of those economics.

Dividend

CSI is distributing to holders of the CSI Common Shares, as a dividend-in-kind, the Spin-Out Shares. The Dividend will be paid on the basis of 3.0003833 Spin-Out Shares for every one CSI Common Share which is outstanding on the Record Date, which Record Date will be fixed by the board of directors of CSI. Fractional shares will not be issued. The number of Spin-Out Shares to be distributed to a CSI Shareholder will be rounded down to the nearest whole number of Spin-Out Shares. As of the date of this prospectus, there were 21,191,530 CSI Common Shares outstanding. Following the distribution of the Spin-Out Shares, there will be 63,582,712 Subordinate Voting Shares outstanding, representing all of the outstanding Spin-Out Shares. CSI will indirectly own Preferred Shares of the Company that will have a cumulative dividend entitlement of 5% and a redemption amount equal to the fair market value of the Business at the time of the Dividend. CSI will have the right to cause the redemption of those Preferred Shares at the redemption amount at any time, subject to certain conditions. As a result, the Spin-Out Shares are expected to have a nominal fair market value at the time of the Dividend. See "*Lumine Group Inc. – Overview*" and "*The Spin-Out*".

Neither CSI nor the Company will receive any proceeds as a result of the distribution of the Spin-Out Shares.

Capital Structure of the Company

The Company's authorized share capital consists of an unlimited number of Subordinate Voting Shares, one Super Voting Share, an unlimited number of Preferred Shares, and an unlimited number of Special Shares. See "*Description of Capital Structure*".

Following the Spin-Out, the Pre-Closing Reorganization and the Acquisition there will be (i) 63,582,712 Subordinate Voting Shares issued and outstanding, of which substantially all of the Subordinate Voting Shares will be held by public shareholders and a nominal number of Subordinate Voting Shares will be held directly by CSI (as fractional shares will not be distributed to CSI Shareholders pursuant to the Dividend), (ii) 63,582,712 Preferred Shares issued and outstanding that will be held indirectly by CSI through Trapeze, its indirect wholly-owned subsidiary, (iii) one Super Voting Share issued and outstanding that will be held indirectly by CSI, through Trapeze, and (iv) 10,204,294 Special Shares issued and outstanding that will be held by the Rollover Shareholder Group.

Following the Spin-Out, the Pre-Closing Reorganization and the Acquisition, on a fully-diluted basis, there will be 253,104,971 Subordinate Voting Shares issued and outstanding, of which (i) approximately 63,582,712 Subordinate Voting Shares will be held by public shareholders, (ii) a nominal number of Subordinate Voting Shares will be held directly by CSI (as fractional shares will not be distributed to CSI Shareholders pursuant to the Dividend), (iii) 154,519,381 Subordinate Voting Shares will be held indirectly by CSI through Trapeze, its indirect wholly-owned subsidiary (upon the conversion of the Preferred Shares), and (iv) 35,002,878 Subordinate Voting Shares will be held by the Rollover Shareholder Group (upon the conversion of the Special Shares held by the Rollover Shareholder Group). In addition, CSI through Trapeze, will indirectly hold one additional Subordinate Voting Share upon the conversion of the Super Voting Share.

Subordinate Voting Shares and Super Voting Share

The Super Voting Share carries a greater number of votes per share relative to the Subordinate Voting Shares. Subordinate Voting Shares are therefore "restricted securities" within the meaning of such term under applicable Canadian securities laws. The Company is entitled to file this prospectus on the basis that it complies with Section 12.3(3)(b) of National Instrument 41-101 – *General Prospectus Requirements*, as it was a private issuer immediately before filing this prospectus.

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.

Voting

Holders of Subordinate Voting Shares and the Super Voting Share 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 are entitled to one vote 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. After giving effect to the Spin-Out, the Subordinate Voting Shares will collectively represent 86.1706072% of the total outstanding voting shares and 43.0% of the votes attached to all of the outstanding voting shares, and the Super Voting Share will represent 0.0000014% of the total outstanding voting shares and 50.1% of the votes attached to all of the outstanding voting shares, and the Special Shares will represent 13.8293914% of the total outstanding voting shares and 6.9% of the votes attached to all of the outstanding voting shares. See "*Description of Capital Structure – Subordinate Voting Shares and Super Voting Share – Voting*" and "*Description of Capital Structure – Preferred Shares and Special Shares – Voting*".

Ranking and Priority

The Subordinate Voting Shares and the Super Voting Share will rank *pari passu*, share for share, with respect to the payment of dividends, return of capital and distribution of assets in the event of the liquidation, dissolution or winding-up of the Company. In the event of the liquidation, dissolution or winding-up of the Company, the rights of the holders of Subordinate Voting Shares and the Super Voting Share are subject to the rights of the holders of the Preferred Shares and the Special Shares. See "*Description of Capital Structure – Subordinate Voting Shares and Super Voting Share – Ranking and Priority*".

Dividends

Holders of the Subordinate Voting Shares and the Super Voting Share are entitled to receive dividends on a *pari passu*, share for share, basis at such times and in such amounts as the Company's board of directors may from time to time determine, without preference or distinction between the Subordinate Voting Shares and the Super Voting Share, subject to the preferential rights of the holders of the Preferred Shares and the Special Shares. See "*Description of Capital Structure – Subordinate Voting Shares and Super Voting Share – Dividends*".

Conversion

The Subordinate Voting Shares are not convertible into any other class of shares. The Super Voting Share may be converted into one Subordinate Voting Share. See "*Description of Capital Structure – Subordinate Voting Shares and Super Voting Share – Conversion*".

Pre-Closing Reorganization, Spin-Out and Acquisition of the Target

Prior to the distribution of the Spin-Out Shares to the CSI Shareholders, the Company and certain other subsidiaries of CSI will enter into a series of transactions, which includes the consolidation of the Lumine Portfolio with Lumine Group (Holdings) Inc. ("**Lumine Holdings**"), to the extent not already owned directly or indirectly by Lumine Holdings, and the issuance of the Spin-Out Shares and Preferred Shares by the Company to Trapeze, an indirect wholly-owned subsidiary of CSI, in exchange for the interests in Lumine Holdings. Trapeze will distribute the Spin-Out Shares to Volaris Group Inc. ("**Volaris**"), an indirect wholly-owned subsidiary of CSI, as a dividend-in-kind, and Volaris will in turn distribute the Spin-Out Shares to CSI as a dividend-in-kind. CSI will then distribute, as a special dividend, the Spin-Out Shares (being all of the Subordinate Voting Shares held by CSI subject to rounding down to eliminate fractional shares) to CSI Shareholders as of the Record Date at a ratio of 3.0003833 Spin-Out Shares for every one CSI Common Share held by a CSI Shareholder.

The Company will purchase the Target, a US-based media vertical market software provider, for a gross purchase price of $490 million subject to adjustment, pursuant to the terms and conditions of the Merger Agreement. Following the purchase of the Target, the Spin-Out Shares will be distributed to CSI Shareholders and, approximately 30 days thereafter, the Trading will commence.

Prior the purchase of the Target, the Company and Lumine Holdings will undergo an amalgamation, with the resulting entity being an Ontario corporation called Lumine Group Inc. As a result, reference in this prospectus to the Company means Lumine Group Inc. before and after such amalgamation, as the context requires, and reference in this prospectus to Lumine Holdings means Lumine Group (Holdings) Inc. prior to such amalgamation.

See "*Pre-Closing Reorganization*", "*The Spin-Out*" and "*Acquisition of the Target*".

Risk Factors

There are risks inherent in the Company's business that may adversely affect the value of the Subordinate Voting Shares. Prospective investors should carefully consider the information set out under "*Risk Factors*" and the other information in this prospectus. Risks related to the Company and the industry in which it operates include: sustaining profitability; fluctuation in our quarterly revenues and operating results; identifying and completing suitable acquisitions; managing our growth through acquisitions effectively and managing the businesses we acquire; our material assets consist solely of interests in our operating subsidiaries; acquisition of contingent liabilities; fluctuating demand for our software solutions; customer demands for performance guarantees and fixed price quotes; competition from other software solution providers; attracting and retaining qualified sales personnel, customer service personnel and software developers; loss of our rights to use third party software; dependence on our relationship with CSI; retaining critical members of our senior management team; customer attrition; currency exchange rate fluctuations and other risks associated with international operations; exposure to unforeseen tax liabilities; change in subsidies, tax exemptions or deductions; impact of global, political and other global or local events; potential divestitures; frequent technological advances in some of the markets for our software products; inability to protect our proprietary technology; software solution development delays; errors or defects in our software products; dependence of some of our software solutions on hosting services; compliance with complex legal and regulatory requirements; current and potential litigation; incurring indebtedness; compromised security measures; economic and trade sanctions; and limitations on enforcement of judgments against foreign subsidiaries. See "*Risk Factors – Risks Related to the Company and the Industry*".

Risks related to the Dividend and the Subordinate Voting Shares include: future sales by existing shareholders; absence of a prior public market for the Subordinate Voting Shares; fluctuation in the market price for the Subordinate Voting Shares; no commitment to pay dividends on the Subordinate Voting Shares; effects of dual class share structure; potential restrictions in operations and dilution to holders of Subordinate Voting Shares due to rights of CSI, through Trapeze, its indirect wholly-owned subsidiary and the Majority Rollover Shareholders as shareholders; and potential for adverse tax consequences associated with the Dividend. See "*Risk Factors – Risks Related to the Dividend and the Subordinate Voting Shares*".

Market risks include: interest rate risk and inflation risk. See "*Risk Factors – Quantitative and Qualitative Disclosures about Market Risk*".

Certain Canadian Federal Income Tax Considerations

The Spin-Out of the Spin-Out Shares will occur as a taxable dividend for the purposes of the Tax Act. The amount of the taxable dividend received by a CSI Shareholder for the purposes of the Tax Act will be equal to the fair market value at the time of the Spin-Out of the Spin-Out Shares received by such holder on the Spin-Out.

A CSI Shareholder that is resident in Canada for the purposes of the Tax Act will be required to include the amount of the dividend in the holder's income, subject to, in the case of an individual, the gross-up and dividend tax credit rules normally applicable under the Tax Act to taxable dividends received from taxable Canadian corporations.

A CSI Shareholder that is not resident in Canada for purposes of the Tax Act will be subject to Canadian federal withholding tax at the rate of 25% on the amount of the dividend, subject to reduction under the terms of an applicable income tax treaty or convention.

See "*Certain Canadian Federal Income Tax Considerations*" for a more detailed discussion.

SUMMARY SELECTED PRO FORMA FINANCIAL INFORMATION

The following selected unaudited pro forma financial information for our Company (i) for the fiscal year ended December 31, 2021, and (ii) for the nine month period ended September 30, 2022, has been derived from our unaudited pro forma income statements included elsewhere in this prospectus and gives effect to the acquisitions of the Lumine Portfolio and the Target as if they had occurred on January 1, 2021. The following selected unaudited pro forma financial information for our Company as at September 30, 2022, has been derived from our unaudited pro forma balance sheets included elsewhere in this prospectus and gives effect to the acquisitions of the Lumine Portfolio and the Target as if they had occurred on September 30, 2022.

The following selected unaudited pro forma financial information for our Company (i) for the fiscal year ended December 31, 2021, (ii) for the nine month period ended September 30, 2022, and (iii) as at September 30, 2022, gives effect to the expected continuing impact on the results subsequent to the acquisition of the Lumine Portfolio and the Target. The following selected unaudited pro forma financial information of our Company is unaudited, is provided for informational purposes only and is not necessarily indicative of the results of operations that would have occurred in the year ended December 31, 2021 or the nine month period ended September 30, 2022 had the acquisition of the Lumine Portfolio and the Target been effective as of January 1, 2021, or of the results of operations expected in 2022 and future years. The following selected unaudited pro forma condensed financial information has been prepared by management and this information is not intended to be a forecast or a projection of future results. The actual results of operations of the combined entity for any period, whether before or after the acquisition of the Lumine Portfolio and the Target, will likely vary from the amounts set forth in the following analysis and such variation may be material.

Prospective investors should review this information in conjunction with the combined financial statements of the Lumine Portfolio and the consolidated financial statements of the Target, including the notes thereto, as well as "*Management's Discussion and Analysis*", "*Description of Capital Structure*", "*Consolidated Capitalization*", and "*Risk Factors*" included elsewhere in this prospectus.

As at September 30, 2022

The following table displays a summary pro forma statement of financial position of the Business as at September 30, 2022.

Statement of Financial Position
(In millions of dollars, except for share and per share data)

	The Company	Lumine Portfolio	The Target	Pro Forma Adjustments		Pro Forma Combined
Cash	-	34	16	(6)	(1)	44
Due from related parties, net	-	19	-	-		19
Intangible assets and goodwill	-	173	9	601		783
Total assets	-	330	89	596	(2)	1,015
Preferred Shares and Special Shares liability	-	-	-	1,604	(3)	1,604
Term loan	-	-	110	(110)	(1)	-
Related party note payable		-	-	94	(1)	94
Net equity	-	166	(69)	(1,141)	(3)	(1,044)

(1) Assumption that excess cash at the Target above $10 million will be applied towards the Target's debt obligations. The remaining cash to satisfy the Target's debt obligation will be a loan from related parties.
(2) Increase in total assets primarily related to intangible assets and goodwill acquired as part of the Acquisition.
(3) The Preferred Shares and Special Shares are considered a financial liability given their redemption rights and characteristics. A portion of the Preferred Shares issued to CSI are recorded in other equity.

For the Nine Months Ended September 30, 2022

The following table displays a summary of pro forma results of operations of the Business for the nine month period ended September 30, 2022.

Results of Operations
(In millions of dollars, except for share and per share data)
Due to rounding, certain totals may not foot and certain percentages may not reconcile.

	The Company	Lumine Portfolio	Target	Unaudited Adjustments				Pro Forma
	Unaudited 9 months ended Sept. 30, 2022	Unaudited 9 months ended Sept. 30, 2022	Unaudited 9 months ended Sept. 30, 2022	Acquisition of Target		Acquisition Financing		Unaudited 9 months ended Sept. 30, 2022
Revenue	-	187	124	-		-		311
Expenses	-	130	95	-		-		225
Amortization of intangible assets	-	23	-	35	(1)	-		58
Earnings from operations	**-**	**34**	**29**	**(35)**		**-**		**28**
Redeemable preferred and special shares expense	-	-	-	-		60	(2)	60
Finance and other expenses (income)	-	(1)	16	(2)		(11)	(3)	2
Income before income taxes	-	35	13	(33)		(49)		(34)
Provision for (recovery of) income taxes	-	7	4	(6)		-		5
Net income (loss)	**-**	**28**	**9**	**(27)**		**(49)**		**(39)**

	Unaudited		
Earnings per share			
Basic	-		(0.59)
Diluted	-		(0.59)
Weighted average number of shares outstanding			
Basic	1		63,582,712
Diluted	1	(4)	253,104,971

(1) Amortization of intangible assets to adjust for the estimated fair value of the acquired intangible assets determined as part of the Company's provisional acquisition accounting related to the acquisition of the Target.
(2) Interest expense on redeemable Preferred Shares and Special Shares of $60 million related to the shares issued to CSI and the Target.
(3) Reduction of interest expense on loans and borrowings, assuming the transaction had occurred on January 1, 2021 in which the debt obligation of the Target was fully repaid on the transaction date and replaced with a related party note payable at a lower interest rate.
(4) On a fully diluted basis, there are 253,104,971 shares outstanding. However, 189,522,259 shares are excluded from the calculation of diluted earnings per share as they are anti-dilutive, thus the diluted earnings per share is presented equivalent to basic earnings per share.

For the Twelve Months Ended December 31, 2021

The following table displays a summary of pro forma results of operations of the Business for the twelve month period ended December 31, 2021.

Results of Operations

(In millions of dollars, except for share and per share data)

Due to rounding, certain totals may not foot and certain percentages may not reconcile.

	The Company	Lumine Portfolio	Target	Unaudited Adjustments		Pro Forma
	Audited 12 months ended Dec. 31, 2021	Audited 12 months ended Dec. 31, 2021	Audited 12 months ended Dec. 31, 2021	Acquisition of Target	Acquisition Financing	Unaudited 12 months ended Dec. 31, 2021
Revenue	-	228	167	-	-	395
Expenses	-	164	122	1	9 [2]	296
Amortization of intangible assets	-	26	1	46 [1]	-	73
Earnings from operations	**-**	**38**	**44**	**(47)**	**(9)**	**26**
Redeemable preferred and special shares expense	-	-	-	-	80 [3]	80
Finance and other expenses (income)	-	1	(13)	(2)	(19) [4]	(33)
Income before income taxes	**-**	**37**	**57**	**(45)**	**(70)**	**(21)**
Provision for (recovery of) income taxes	-	10	15	(7)	-	18
Net income (loss)	**-**	**27**	**42**	**(38)**	**(70)**	**(39)**
	Unaudited					
Earnings per share						
Basic	-					(0.59)
Diluted	-					(0.59)
Weighted average number of shares outstanding						
Basic	1					63,582,712
Diluted	1					[5] 253,104,971

[1] Amortization of intangible assets to adjust for the estimated fair value of the acquired intangible assets determined as part of the Company's provisional acquisition accounting related to the acquisition of the Target.

[2] Transaction costs comprise of estimated costs related to the acquisition of the Target, the combination of the entities within the Lumine Portfolio under the Company, and the costs associated with preparing to have the Company's Subordinate Voting Shares publicly listed.

[3] Interest expense on redeemable Preferred Shares and Special Shares of $80 million related to the shares issued to CSI and the Target.

[4] Reduction of interest expense on loans and borrowings, assuming the transaction had occurred on January 1, 2021 in which the debt obligation of the Target was fully repaid on the transaction date and replaced with a related party note payable at a lower interest rate.

[5] On a fully diluted basis, there are 253,104,971 shares outstanding. However, 189,522,259 shares are excluded from the calculation of diluted earnings per share as they are anti-dilutive, thus the diluted earnings per share is presented equivalent to basic earnings per share.

SUMMARY FINANCIAL INFORMATION

The following is a summary of selected combined financial information of the Lumine Portfolio (i) as at December 31, 2021 and 2020 and for the years ended December 31, 2021 and 2020 that has been derived from the Lumine Portfolio's audited combined financial statements appearing elsewhere in this prospectus, and (ii) as at September 30, 2022 and for the three and nine months ended September 30, 2022 and 2021 that has been derived from the Lumine Portfolio's unaudited condensed combined financial statements, appearing elsewhere in this prospectus. The summary financial information should be read in conjunction with the combined financial statements of the Lumine Portfolio and the related notes and with "*Management's Discussion and Analysis*" included in this prospectus. **The summary financial information presented is based on the historical financial performance of the Lumine Portfolio, as predecessor to the Company, and does not take into account the Spin-Out or the Acquisition.**

The following table displays a summary of the combined financial position of the Lumine Portfolio.

Combined Statement of Financial Position Data
(In millions of dollars)

	September 30, 2022	December 31, 2021	December 31, 2020
Cash	34	27	35
Due from related parties, net	19	112	60
Intangible assets	173	103	89
Deferred revenue	56	64	47
Net parent equity	166	173	147

For the Three and Nine Months Ended September 30, 2022 and 2021

The following tables display a summary of the results of combined operations of the Lumine Portfolio for the three and nine month periods ended September 30, 2022 and 2021.

Results of Operations
(In millions of dollars, except percentages)

	Three months ended September 30,		Period-Over-Period Change		Nine months ended September 30,		Period-Over-Period Change	
	2022	2021	$	%	2022	2021	$	%
Revenue	**66.0**	**64.4**	**1.6**	**3%**	**187.5**	**168.7**	**18.8**	**11%**
Expenses	44.2	45.1	(0.8)	-2%	130.7	119.0	11.7	10%
Amortization of intangible assets	8.5	6.7	1.8	27%	22.5	18.5	4.0	22%
Finance and other expense (income)	(0.2)	(0.1)	(0.1)	233%	(1.2)	1.3	(2.5)	NM
Income before income taxes	13.5	12.7	0.8	7%	35.4	29.9	5.5	19%
Income tax expense (recovery)								
Current income tax expense (recovery)	1.9	3.9	(2.0)	-51%	13.6	9.5	4.2	44%
Deferred income tax expense (recovery)	(0.2)	1.3	(1.4)	NM	(6.7)	(0.2)	(6.5)	NM
Income tax expense (recovery)	1.8	5.2	(3.4)	-66%	6.9	9.3	(2.3)	-25%
Net income	**11.8**	**7.5**	**4.2**	**56%**	**28.5**	**20.6**	**7.9**	**38%**
Total assets	329.8	313.3	16.5	5%	329.8	313.3	16.5	5%
Total long-term liabilities	46.0	27.8	18.2	66%	46.0	27.8	18.2	66%

NM – Not meaningful
Due to rounding, certain totals may not foot and certain percentages may not reconcile.

For the Fiscal Years Ended December 31, 2021 and 2020

The following table displays a summary of the results of combined operations of the Lumine Portfolio for the fiscal years ended December 31, 2021 and 2020.

Results of Operations
(In millions of dollars, except percentages)

	Year Ended December 31,		Period-Over-Period Change	
	2021	2020	$	%
Revenue	**228.4**	**166.4**	**62.0**	**37%**
Expenses	164.6	119.3	45.2	38%
Amortization of intangible assets	25.5	18.6	6.9	37%
Finance and other expense (income)	0.7	2.1	(1.4)	-65%
Income before income taxes	37.5	26.3	11.2	43%
Income tax expense (recovery)				
Current income tax expense (recovery)	10.8	7.0	3.8	54%
Deferred income tax expense (recovery)	(0.8)	(1.0)	0.2	-23%
Income tax expense (recovery)	10.1	6.0	4.0	67%
Net income	**27.5**	**20.3**	**7.2**	**35%**
Total assets	328.4	267.0	61.4	23%
Total long-term liabilities	29.0	26.5	2.5	10%

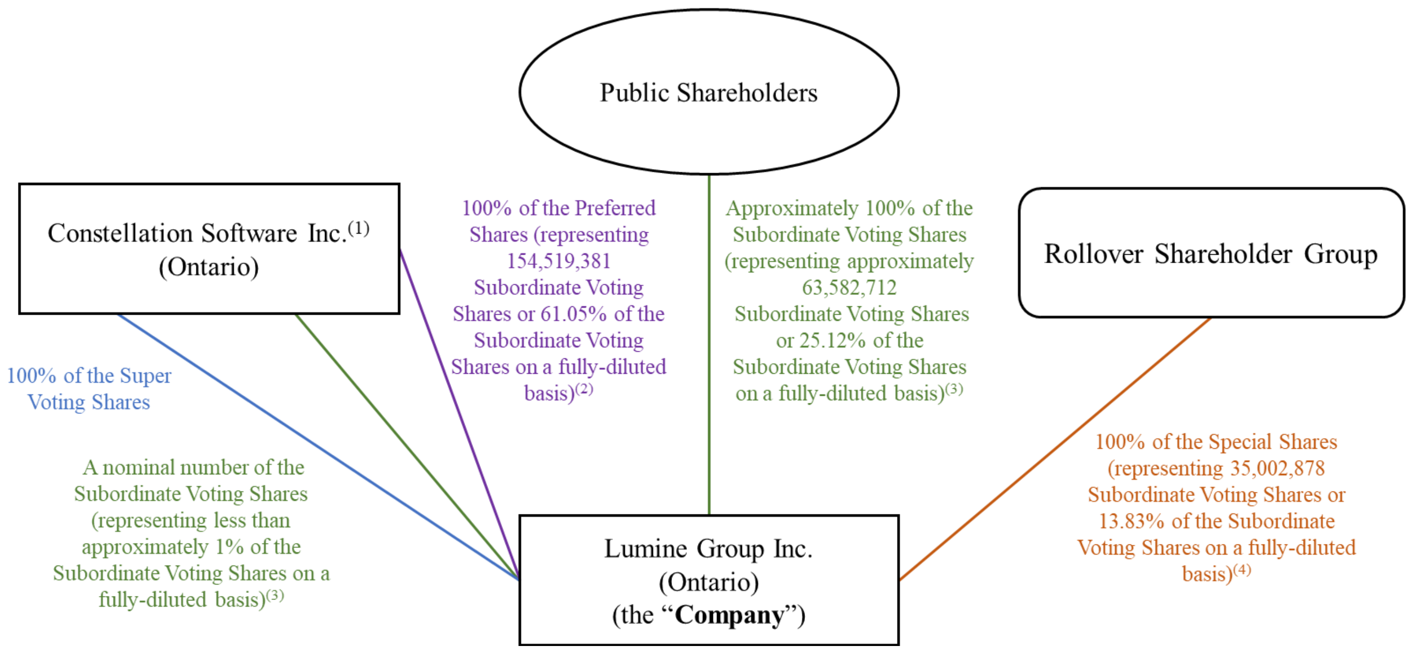
Due to rounding, certain totals may not foot and certain percentages may not reconcile.

LUMINE GROUP INC.

Overview

The Company was incorporated under the *Business Corporations Act* (Ontario) on September 3, 2022. The Business will be comprised of (i) what is currently the Lumine Portfolio, and (ii) the business carried on by the Target. Following the Spin-Out and the Acquisition, CSI will indirectly own a 61.05% interest in the Company and the CSI Shareholders will own a 25.12% interest in the Company, in each case on a fully-diluted basis. The remaining 13.83% interest in the Company will be owned by the Rollover Shareholder Group. The Company will operate as a separate publicly listed company from CSI.

A simplified diagram of the Company's corporate structure assuming the completion of each of the Pre-Closing Reorganization, the Spin-Out and the Acquisition is as follows:



(1) Constellation Software Inc. will indirectly own 63,582,712 Preferred Shares and one Super Voting Share through Trapeze, an indirect wholly-owned subsidiary, and will directly own a nominal number of Subordinate Voting Shares (as fractional shares will not be distributed to CSI Shareholders pursuant to the Dividend).
(2) Reflects the conversion of 63,582,712 Preferred Shares into 154,519,381 Subordinate Voting Shares.
(3) Constellation Software Inc. will directly own a nominal number of Subordinate Voting Shares (as fractional shares will not be distributed to CSI Shareholders pursuant to the Dividend).
(4) Reflects the conversion of 10,204,294 Special Shares into 35,002,878 Subordinate Voting Shares.

For further details see "*Description of Capital Structure*".

Our headquarters and registered office is located at 5060 Spectrum Way, Suite 100, Mississauga, Ontario, L4W 5N5. We also have more than 20 other offices globally. Our website address is www.luminegroup.com. Our website and the information contained on, or referred to therein, is not incorporated in this prospectus.

The following list outlines, as at February 3, 2023, each of our subsidiaries, assuming completion of the Pre-Closing Reorganization. Unless otherwise indicated, each such subsidiary will be owned 100%, either directly or indirectly, by the Company.

Entity Name	**Governing Jurisdiction**		**Entity Name**	**Governing Jurisdiction**
Advantage 360 Software, LLC	USA (California)		PT. Neural Technologies Integrated Solutions	Indonesia
Aleyant Spain SL	Spain		Sicap France SAS	France
Aleyant Systems, LLC	USA (Illinois)		Sicap India Private Ltd[2]	India
A Metering AB	Sweden		SICAP Schweiz AG	Switzerland
COLLAB - SOLUÇÕES INFORMÁTICAS DE COMUNICAÇyO E COLABORAÇyO, S.A.	Portugal		Starhome Mach GmbH	Switzerland
Flash Networks Ltd.	Israel		Starhome Mach S.à r.l.	Luxembourg
Flash Networks Inc	USA (Delaware)		Starhome S.à r.l.	Luxembourg
Flash Networks BV	Netherlands		Starhome Ltd.	Israel
Flash Networks Singapore Private Limited	Singapore		StarHome B.V.	Netherland
Incognito Interactive Limited	Ireland		Symbrio AB	Sweden
Incognito Software Systems Inc.	Canada (British Columbia)		Tarantula Asia Pacific Pte Ltd	Singapore
Incognito USA Inc.	USA (Delaware)		Tarantula Global Holdings Pte Ltd	Singapore
Kansys Inc.	USA (Kansas)		Tarantula.net India Private Limited	India
Kansys International Limited	England and Wales		Tarantula.net Limited	England and Wales
Lifecycle Software Limited	England and Wales		Telarix Inc.	USA (Delaware)
Lumine Group (Holdings) Inc.	Canada (Ontario)		Telarix Intermediate Holdings, Inc.	USA (Delaware)
Lumine Group UK Holdco Ltd.	England and Wales		Telarix Italy S.r.l	Italy
Lumine Group US Holdco Inc.	USA (Delaware)		Telarix (M) SDN. BHD.	Malaysia
Lumine HoldCo EU A/S	Denmark		Telarix Singapore Pte. Ltd.	Singapore
Lumine Holdings Group (Israel) Ltd	Israel		Telepin Software Systems Inc.	Canada (Ontario)
MDS CEM Holdings Limited	England and Wales		Tomia Ltd	England and Wales
MDS Global Ltd	England and Wales		TransMedia Holdings Limited	England and Wales
MACH Clearing Solutions India Private Limited	India		TransMedia Dynamics Limited	England and Wales
Mobixell Networks (Israel) Ltd.	Israel		TransMedia Dynamics (Asia) Sdn Bhd	Malaysia
Mobixell Networks (Europe) Ltd	England and Wales		TransMedia Dynamics Inc.	USA (Delaware)
Morse Holding, Inc.	USA (Delaware)		Ubersmith Inc.	USA (Delaware)
Morse Intermediate Holdings, Inc.	USA (Delaware)		Unipier Mobile Ltd.	Israel
Netadmin Systems i Sverige AB	Sweden		Vas-X Australia Proprietary Limited	Australia
Netengage Ltd.	England and Wales		Vas-X Proprietary Limited	South Africa
Neural Technologies Limited	England and Wales		WDS Mobile Limited	England and Wales
Neural Technologies Incorporated	USA (Kansas)		Velocix Solutions India LLP	India
Neural Technologies GmbH	Germany		Velocix Solutions Limited	England and Wales
Neural Technologies (S) Pte Ltd	Singapore		Velocix Solutions Portugal Unipessoal Lda	Portugal
Neural Technologies (Hong Kong) Ltd[1]	Hong Kong		Velocix Solutions USA Inc.	USA (Delaware)
NT8 Integrated Solutions (Malaysia) Sdn Bhd	Malaysia		Wiztivi SAS	France
Oy Wiztivi Gaming Ltd.	Finland			

(1) The Company indirectly owns 99.999% of Neural Technologies (Hong Kong) Ltd.
(2) The Company indirectly owns 99.998% of Sicap India Private Ltd.

Following the Acquisition Closing, the Target will be added to the Company’s organizational structure as a 100% indirect wholly-owned subsidiary.

Each operating entity of the Company will generally have assets and operations consisting of customer and vendor contracts, working capital, software products, intellectual property, goodwill, employees and leased office space.

BUSINESS OF THE COMPANY

Business Overview

We aim to acquire, strengthen, and grow VMS businesses in the Communications and Media industry globally. Generally, our businesses provide mission critical software solutions that address the specific needs of customers in particular segments of the Communications and Media industry. Our focus on acquiring businesses with long-term growth potential, strengthening their core profitability, and then making measured investment to grow them, has allowed us to generate significant cash flow and revenue growth over the past nine years.

Our software solutions are designed to enable our customers to boost productivity and operate more cost effectively, innovate more rapidly to address rapidly changing market needs and opportunities, grow top-line sales, improve customer service, and reduce customer churn.

Many of the VMS businesses that we acquire have the potential to be leaders within their particular market niches whether that be some combination of geography, tier of customer, type of customer, or other differentiated customer demographics.

We target the VMS sector because of the attractive economics that it provides and our belief that our management teams have a deep understanding of those economics.

Unless otherwise indicated, the description of the business of the Company contained in this section assumes the completion of each of the Pre-Closing Reorganization, the Spin-Out and the Acquisition.

Business Strategy

Given our extensive acquisition experience and successful track record, we believe that we are well positioned to identify, acquire, strengthen and grow attractive VMS businesses in the Communications and Media industry.

When one of our acquired VMS businesses is being operated efficiently, we encourage their management to build their business through a combination of organic growth and tuck-in acquisitions. We pursue acquisitions of other VMS businesses in the same or adjacent vertical market.

We believe that we will continue to expand our existing businesses through initiatives aimed at increasing our market share and product breadth. These initiatives vary across business units but generally include one or more of the following: (i) expanding the scope/breadth of existing products, (ii) introducing new products, (iii) increasing sales and marketing capacity, and (iv) accessing new markets. We will also continue to identify and complete acquisitions in our existing Communications and Media vertical markets. Our decentralized VMS management teams have extensive knowledge of their markets and deep customer relationships. This enables us to successfully identify, pursue, structure and acquire new Communications and Media businesses and transition them to our experienced operators to strengthen and grow each business post-acquisition.

We acquire stand-alone VMS businesses from founder owner-operators, we also acquire VMS businesses owned by financial investors (e.g., venture capital and private equity), and we acquire carve-out VMS businesses from larger corporate owners (e.g., Nokia, Concentrix, and Conduent). At any given time, the Company can be in discussions with several acquisition targets at varying stages, from preliminary discussions, to entering into letters of intent to signing binding purchase agreements. The Company is not currently engaged in any discussions that would be considered a “significant acquisition” under Form 41-101F1 – *Information Required in a Prospectus*.

Our VMS businesses typically generate significant cash flows, which we redeploy to build our existing VMS businesses and acquire new ones.

Our decentralized management structure is key to our continued revenue growth. We offer our operating groups and business units financial security, strategic guidance and access to our best practices. Each VMS operating group and business unit has a manager and separately tracked financial reporting. We monitor and measure the performance of each VMS operating group and business unit through operating ratios and metrics including profitability and growth.

Each of our VMS business managers is encouraged to leverage their respective market knowledge to maximize the growth opportunities, profitability, and return on invested capital of their business. Our corporate head office sets investment return objectives.

Our decentralized management structure allows us to have operating group and business unit management teams with strong customer relationships and deep market knowledge that are more focused and responsive than would be the case under a centralized management model. These decentralized managers focus on improving operational efficiency, identifying and investing in growth initiatives, identifying and sharing best practices, attracting and retaining high quality and high potential employees, and building capacity and management slack to take on newly acquired businesses.

We establish, from time to time, what we consider to be an acceptable after-tax internal rate of return as a hurdle rate for all new initiatives and acquisitions.

Operating Groups

We have three operating groups – two primarily operating in the communications vertical and, after completion of the Acquisition, the media operating group.

The Communications Operating Groups

The two communications operating groups include 22 independently managed software business units globally. These business units are headquartered in Canada, USA, UK, Switzerland, Sweden, Portugal, Singapore, Australia, and Israel. These business units supply software and services primarily in the following communications sub-vertical markets: cable, fixed-line, fixed-wireless and fiber internet service providers (ISPs), mobile operators, fixed line consumer operators, fixed line business-to-business operators, mobile virtual network operators ("**MVNOs**"), mobile tower operators, and mobile financial service operators. Solution areas include: data and financial clearing, network roaming, interconnect, service orchestration, service management, enterprise IoT enablement, consumer and enterprise billing and revenue management, subscription billing, billing mediation, device intelligence and device management, MVNO billing and real-time charging, content delivery networks, mobile tower asset management, network optimization and monetization, digital asset management, multi-media contact center management, revenue assurance and fraud management, mobile financial services, fiber network provisioning and assurance, customer insight and engagement, and mobile security.

The Media Operating Group

Following the Acquisition, the media operating group will be headquartered in San Francisco, California, USA, with offices around the USA. This business supplies software and services primarily in the television, radio, cable/networks, regional sports, new media (digital) and international markets. Core solution areas include a full enterprise resource planning system to manage advertising sales and operations from air to invoice and for any media type or sales channel. This includes advertising sales and operations from scheduling content to advertising order entry, optimization, and advertising scheduling, as well as invoicing and payments. This is managed for any media type and direct or indirect sales channels. This includes advertising sales and commercial operations, inventory management, order management, ad placement and optimization, business analytics, billing, and accounts receivable.

Products

We have numerous software products that we license, service, support and enhance. In addition, and as a complement to our acquired and internally developed software products, we license certain technologies used in our software products from third parties, generally on a non-exclusive basis. Our products are typically designed to assist our customers in automating as many aspects of their business processes as is practical. While our strategy is to provide mission critical software solutions to our customers, the particular software products that we develop can vary substantially across our primary Communications and Media vertical markets. Our goal is to continue to focus our efforts on software products specialized for specific Communications and Media vertical markets.

Sales and Distribution Strategy

We use direct sales forces in most of our major markets as our primary distribution channel. We believe that direct sales teams increase our visibility and market penetration, encourage long-term customer contact and facilitate sales of additional products. Our sales and marketing teams work primarily within dedicated sales groups for each of the Communications and Media vertical markets that we currently serve. Our sales and marketing strategy is to provide relevant business expertise directly to target customers by using sales representatives with strong industry specific knowledge. We use a combination of field sales and inside sales where appropriate. Part of our ongoing revenue growth is achieved through selling complementary products and/or services to existing customers. We also support our sales efforts with marketing that creates awareness of our products through appearances at major trade shows, advertising in trade magazines, hosting users' group meetings, and the creation of informative websites.

Our domain knowledge helps us to understand the dynamics of each Communications and Media vertical market where we operate so we can create intelligent, user-friendly, effective and efficient solutions for our customers. Customers often entrust the development of their business-critical software to our operating groups and business units.

Research and Development

Our product development strategy combines innovation and the introduction of new technologies, with a commitment to the long-term support of our customers' current systems. Our research and development activities are focused on designing, developing, testing and integrating new add-on products which enhance the features and functionality of our existing software solutions. We also seek to offer streamlined upgrade and migration tools for our customers.

We rely primarily on our in-house capabilities to develop our software solutions using industry standard software development tools. However, when it is not strategic to our business and is more cost effective, we will license certain technology components from third party providers and use third-party services to augment our research and development and professional services and support capacity.

Intellectual Property

In accordance with industry practice, we rely on a combination of contractual provisions and patent, copyright, trademark and trade secret laws to protect our proprietary rights in our products. We generally license the use of our products to our customers rather than transfer title to them. These licenses contain terms and conditions prohibiting the unauthorized reproduction, disclosure, reverse engineering or transfer of our products. In addition, we attempt to protect our trade secrets and other proprietary information through agreements with suppliers, employees and consultants. All material components of our products have been developed by individuals most of whom have assigned all rights to us.

Competition

Competition for the licensing of vertical market software is generally based upon several factors including product features, the availability of high quality maintenance and support services, price, and the knowledge of the software vendor's sales team. We operate in many different Communications and Media verticals and our competitive position varies depending on the specific vertical.

The following represents significant competitors for our business units within our communications operating group: Ericsson, Nokia, Oracle, Amdocs, CSG Systems, Subex, NetCracker, Huawei, Mediakind, Vecima, Syniverse, Mobileum, Hansen Technologies, and Enghouse Systems.

The following represents significant competitors within our media operating group: Imagine, Operative, Marketron, Monarch, RCS, Audiovault, and custom developed merchant solutions.

Employees

We employ over 2,300 skilled people across the globe with approximately 33% located in in North America, 27% located in Europe (excluding the UK), 23% located in the Asia Pacific region, 9% located in the UK, and 8% located around the rest of world. No union represents any of our employees in their employment relationship with us.

Acquisitions

The Lumine Portfolio consists of over 20 acquisitions completed since January 1, 2014, having an average gross purchase price of approximately $11.7 million. Our previous acquisitions, combined with organic growth from our existing VMS businesses, have enabled us to become a well-regarded software solutions provider in the Communications and Media markets that we serve while reducing our dependency on any particular sub-market or VMS business unit.

USE OF PROCEEDS

Neither the Company nor CSI will realize any proceeds from the distribution of the Spin-Out Shares.

SELECTED PRO FORMA FINANCIAL INFORMATION

The following selected unaudited pro forma financial information for our Company (i) for the fiscal year ended December 31, 2021, and (ii) for the nine month period ended September 30, 2022, has been derived from our unaudited pro forma income statements included elsewhere in this prospectus and gives effect to the acquisitions of the Lumine Portfolio and the Target as if they had occurred on January 1, 2021. The following selected unaudited pro forma financial information for our Company as at September 30, 2022 has been derived from our unaudited pro forma balance sheets included elsewhere in this prospectus and gives effect to the acquisitions of the Lumine Portfolio and the Target as if they had occurred on September 30, 2022.

The following selected unaudited pro forma financial information for our Company (i) for the fiscal year ended December 31, 2021, (ii) for the nine month period ended September 30, 2022, and (iii) as at September 30, 2022, gives effect to the expected continuing impact on the results subsequent to the acquisition of the Lumine Portfolio and the Target. The following selected unaudited pro forma financial information of our Company is unaudited, is provided for informational purposes only and is not necessarily indicative of the results of operations that would have occurred in the year ended December 31, 2021 or the nine month period ended September 30, 2022 had the acquisition of the Lumine Portfolio and the Target been effective as of January 1, 2021, or of the results of operations expected in 2022 and future years. The following selected unaudited pro forma condensed financial information has been prepared by management and this information is not intended to be a forecast or a projection of future results. The actual results of operations of the combined entity for any period, whether before or after the acquisition of the Lumine Portfolio and the Target, will likely vary from the amounts set forth in the following analysis and such variation may be material.

Prospective investors should review this information in conjunction with the combined financial statements of the Lumine Portfolio and the consolidated financial statements of the Target, including the notes thereto, as well as "*Management's Discussion and Analysis*", "*Description of Capital Structure*", "*Consolidated Capitalization*", and "*Risk Factors*" included elsewhere in this prospectus.

As at September 30, 2022

The following table displays a summary pro forma statement of financial position of the Business as at September 30, 2022.

Statement of Financial Position
(In millions of dollars, except for share and per share data)

	The Company	Lumine Portfolio	The Target	Pro Forma Adjustments		Pro Forma Combined
Cash	-	34	16	(6)	(1)	44
Due from related parties, net	-	19	-	-		19
Intangible assets and goodwill	-	173	9	601		783
Total assets	-	330	89	596	(2)	1,015
Preferred Shares and Special Shares liability	-	-	-	1,604	(3)	1,604
Term loan	-	-	110	(110)	(1)	-
Related party note payable		-	-	94	(1)	94
Net equity	-	166	(69)	(1,141)	(3)	(1,044)

(1) Assumption that excess cash at the Target above $10 million will be applied towards the Target's debt obligations. The remaining cash to satisfy the Target's debt obligation will be a loan from related parties.
(2) Increase in total assets primarily related to intangible assets and goodwill acquired as part of the Acquisition.
(3) The Preferred Shares and Special Shares are considered a financial liability given their redemption rights and characteristics. A portion of the Preferred Shares issued to CSI are recorded in other equity.

For the Nine Months Ended September 30, 2022

The following table displays a summary pro forma results of operations of the Business for the nine month period ended September 30, 2022.

Results of Operations
(In millions of dollars, except for share and per share data)
Due to rounding, certain totals may not foot and certain percentages may not reconcile.

	The Company	Lumine Portfolio	Target	Unaudited Adjustments				Pro Forma
	Unaudited 9 months ended Sept. 30, 2022	Unaudited 9 months ended Sept. 30, 2022	Unaudited 9 months ended Sept. 30, 2022	Acquisition of Target		Acquisition Financing		Unaudited 9 months ended Sept. 30, 2022
Revenue	-	187	124	-		-		311
Expenses	-	130	95	-		-		225
Amortization of intangible assets	-	23	-	35	(1)	-		58
Earnings from operations	**-**	**34**	**29**	**(35)**		**-**		**28**
Redeemable preferred and special shares expense	-	-	-	-		60	(2)	60
Finance and other expenses (income)	-	(1)	16	(2)		(11)	(3)	2
Income before income taxes	**-**	**35**	**13**	**(33)**		**(49)**		**(34)**
Provision for (recovery of) income taxes	-	7	4	(6)		-		5
Net income (loss)	**-**	**28**	**9**	**(27)**		**(49)**		**(39)**
	Unaudited							
Earnings per share								
Basic	-							(0.59)
Diluted	-							(0.59)
Weighted average number of shares outstanding								
Basic	1							63,582,712
Diluted	1						(4)	253,104,971

(1) Amortization of intangible assets to adjust for the estimated fair value of the acquired intangible assets determined as part of the Company's provisional acquisition accounting related to the acquisition of the Target.
(2) Interest expense on redeemable Preferred Shares and Special Shares of $60 million related to the shares issued to CSI and the Target.
(3) Reduction of interest expense on loans and borrowings, assuming the transaction had occurred on January 1, 2021 in which the debt obligation of the Target was fully repaid on the transaction date and replaced with a related party note payable at a lower interest rate.
(4) On a fully diluted basis, there are 253,104,971 shares outstanding. However, 189,522,259 shares are excluded from the calculation of diluted earnings per share as they are anti-dilutive, thus the diluted earnings per share is presented equivalent to basic earnings per share.

For the Twelve Months Ended December 31, 2021

The following table displays a summary pro forma results of operations of the Business for the twelve month period ended December 31, 2021.

Results of Operations
(In millions of dollars, except for share and per share data)
Due to rounding, certain totals may not foot and certain percentages may not reconcile.

	The Company	Lumine Portfolio	Target	Unaudited Adjustments			Pro Forma
	Audited 12 months ended Dec. 31, 2021	Audited 12 months ended Dec. 31, 2021	Audited 12 months ended Dec. 31, 2021	Acquisition of Target	Acquisition Financing		Unaudited 12 months ended Dec. 31, 2021
Revenue	-	228	167	-	-		395
Expenses	-	164	122	1	9	(2)	296
Amortization of intangible assets	-	26	1	46 (1)	-		73
Earnings from operations	**-**	**38**	**44**	**(47)**	**(9)**		**26**
Redeemable preferred and special shares expense	-	-	-	-	80	(3)	80
Finance and other expenses (income)	-	1	(13)	(2)	(19)	(4)	(33)
Income before income taxes	-	**37**	**57**	**(45)**	**(70)**		**(21)**
Provision for (recovery of) income taxes	-	10	15	(7)	-		18
Net income (loss)	**-**	**27**	**42**	**(38)**	**(70)**		**(39)**
	Unaudited						
Earnings per share							
Basic	-						(0.59)
Diluted	-						(0.59)
Weighted average number of shares outstanding							
Basic	1						63,582,712
Diluted	1					(5)	253,104,971

(1) Amortization of intangible assets to adjust for the estimated fair value of the acquired intangible assets determined as part of the Company's provisional acquisition accounting related to the acquisition of the Target.
(2) Transaction costs comprise of estimated costs related to the acquisition of the Target, the combination of the entities within the Lumine Portfolio under the Company, and the costs associated with preparing to have the Company's Subordinate Voting Shares publicly listed.
(3) Interest expense on redeemable Preferred Shares and Special Shares of $80 million related to the shares issued to CSI and the Target.
(4) Reduction of interest expense on loans and borrowings, assuming the transaction had occurred on January 1, 2021 in which the debt obligation of the Target was fully repaid on the transaction date and replaced with a related party note payable at a lower interest rate.
(5) On a fully diluted basis, there are 253,104,971 shares outstanding. However, 189,522,259 shares are excluded from the calculation of diluted earnings per share as they are anti-dilutive, thus the diluted earnings per share is presented equivalent to basic earnings per share.

SELECTED COMBINED FINANCIAL INFORMATION

The following tables set out selected combined financial information of the Lumine Portfolio for the periods indicated. The selected financial information of the Lumine Portfolio as at December 31, 2021 and 2020 and for the fiscal years ended December 31, 2021 and 2020 has been derived from the Lumine Portfolio's audited combined financial statements appearing elsewhere in this prospectus. The selected financial information of the Lumine Portfolio as at September 30, 2022 and for the three and nine month periods ended September 30, 2022 and 2021 has been derived from the Lumine Portfolio's unaudited condensed combined interim financial statements appearing elsewhere in this prospectus. The summary financial information should be read in conjunction with the combined financial statements of the Lumine Portfolio and the related notes and with "*Management's Discussion and Analysis*" included in this prospectus. **The summary financial information presented is based on the historical financial performance of the Lumine Portfolio, as predecessor to the Company, and does not take into account the Spin-Out or the Acquisition.**

The following table displays a summary of the combined financial position of the Lumine Portfolio.

Combined Statement of Financial Position Data
(In millions of dollars)

	September 30, 2022	December 31, 2021	December 31, 2020
Cash	34	27	35
Due from related parties, net	19	112	60
Intangible assets	172	103	89
Deferred revenue	56	64	47
Net parent equity	166	173	147

For the Three and Nine Months Ended September 30, 2022 and 2021

The following tables display a summary of the results of combined operations of the Lumine Portfolio for the three and nine month periods ended September 30, 2022 and 2021.

Results of Operations
(In millions of dollars, except percentages)

	Three months ended September 30,		Period-Over-Period Change		Nine months ended September 30,		Period-Over-Period Change	
	2022	2021	$	%	2022	2021	$	%
Revenue	**66.0**	**64.4**	**1.6**	**3%**	**187.5**	**168.7**	**18.8**	**11%**
Expenses	44.2	45.1	(0.8)	-2%	130.7	119.0	11.7	10%
Amortization of intangible assets	8.5	6.7	1.8	27%	22.5	18.5	4.0	22%
Finance and other expense (income)	(0.2)	(0.1)	(0.1)	233%	(1.2)	1.3	(2.5)	NM
Income before income taxes	13.5	12.7	0.8	7%	35.4	29.9	5.5	19%
Income tax expense (recovery)								
Current income tax expense (recovery)	1.9	3.9	(2.0)	-51%	13.6	9.5	4.2	44%
Deferred income tax expense (recovery)	(0.2)	1.3	(1.4)	NM	(6.7)	(0.2)	(6.5)	NM
Income tax expense (recovery)	1.8	5.2	(3.4)	-66%	6.9	9.3	(2.3)	-25%
Net income	**11.8**	**7.5**	**4.2**	**56%**	**28.5**	**20.6**	**7.9**	**38%**
Total assets	329.8	313.3	16.5	5%	329.8	313.3	16.5	5%
Total long-term liabilities	46.0	27.8	18.2	66%	46.0	27.8	18.2	66%

NM – Not meaningful
Due to rounding, certain totals may not foot and certain percentages may not reconcile.

For the Fiscal Years Ended December 31, 2021 and 2020

The following table displays a summary of the results of combined operations of the Lumine Portfolio for the fiscal years ended December 31, 2021 and 2020.

Results of Operations
(In millions of dollars, except percentages)

	Year Ended December 31,		Period-Over-Period Change	
	2021	2020	$	%
Revenue	**228.4**	**166.4**	**62.0**	**37%**
Expenses	164.6	119.3	45.2	38%
Amortization of intangible assets	25.5	18.6	6.9	37%
Finance and other expense (income)	0.7	2.1	(1.4)	-65%
Income before income taxes	37.5	26.3	11.2	43%
Income tax expense (recovery)				
Current income tax expense (recovery)	10.8	7.0	3.8	54%
Deferred income tax expense (recovery)	(0.8)	(1.0)	0.2	-23%
Income tax expense (recovery)	10.1	6.0	4.0	67%
Net income	**27.5**	**20.3**	**7.2**	**35%**
Total assets	328.4	267.0	61.4	23%
Total long-term liabilities	29.0	26.5	2.5	10%

Due to rounding, certain totals may not foot and certain percentages may not reconcile.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("**MD&A**") should be read in conjunction with the selected financial data and the combined financial statements and the accompanying notes appearing elsewhere in this prospectus. This MD&A is prepared on a combined basis for the purpose of presenting the financial position, results of operations and cash flows of the Lumine Portfolio on a stand-alone basis, as described in Note 2(e) to the Lumine Portfolio's annual combined financial statements included in this prospectus. References to CSI refer to CSI and its subsidiaries. Information presented is based on the historical financial performance of the Lumine Portfolio, as predecessor to the Company, and does not take into account the Spin-Out or the Acquisition. This MD&A should be read in conjunction with both the annual combined financial statements of the Lumine Portfolio for the years ended December 31, 2021 and 2020 and the condensed combined financial statements as at September 30, 2022 and for the three and nine months ended September 30, 2022 and 2021. Certain information included herein is forward-looking and based upon current assumptions and anticipated results that are subject to significant risks and uncertainties and speak only as of the date of this prospectus. Should one or more of these uncertainties materialize or should any of the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "*Forward-Looking Statements"* and "*Risk Factors*".

All references in this MD&A section to "we", "us", and "our" refer to the Lumine Portfolio.

Unless otherwise indicated, all dollar amounts are expressed in U.S. dollars and all references to "$" are to U.S. dollars. Due to rounding, certain totals and subtotals may not foot and certain percentages may not reconcile.

Overview

We aim to acquire, strengthen and grow vertical market software ("**VMS**") businesses in the Communications and Media industry, headquartered in Toronto, with businesses located worldwide. Generally, our businesses provide mission critical software solutions that address the specific needs of customers in particular segments of the Communications and Media industry. Our focus on acquiring businesses with growth potential, strengthening their core profitability, and then growing them, has allowed us to generate significant cash flow and revenue growth over the past nine years. Our software solutions are designed to enable our customers to boost productivity and operate more cost effectively, innovate more rapidly to address rapidly changing market needs and opportunities, grow top-line sales, improve customer service, and reduce customer churn. Many of the VMS businesses that we acquire have the potential to be leaders within their particular market niches whether that be geography, tier of customer, type of customer, or other differentiated customer demographic. We target the VMS sector because of the attractive economics that it provides and our belief that our management teams have a deep understanding of those economics.

Our revenue consists primarily of software license fees, maintenance and other recurring fees, professional service fees and hardware sales. Software license revenue is comprised of license fees charged for the use of our software products generally licensed under multiple-year or perpetual arrangements. Maintenance and other recurring revenue primarily consists of fees charged for customer support on our software products post-delivery and also includes, to a lesser extent, recurring fees derived from software as a service, subscriptions, combined software/support contracts, transaction-related revenues, and hosted products. Maintenance and other recurring fee arrangements generally include ongoing customer support and rights to certain product updates "when and if available" and products sold on a subscription basis. Professional service revenue consists of fees charged for implementation and integration services, customized programming, product training and consulting. Hardware sales include the resale of third party hardware that forms part of our customer solutions. Our customers typically purchase a combination of software, maintenance services, professional services and hardware, although the type, mix and quantity of each vary by customer and by product.

Expenses consist primarily of staff costs, the cost of hardware, third party licenses, maintenance fees and professional services to fulfill our customer arrangements, travel and occupancy costs and other general operating expenses.

Three and Nine Months Ended September 30, 2022 Compared to 2021

Results of Operations

The following table displays a summary of the combined results of operations of the Lumine Portfolio for the three and nine months ended September 30, 2022 and 2021.

Results of Operations
(In millions of dollars, except percentages)

	Three months ended September 30,		Period-Over-Period Change		Nine months ended September 30,		Period-Over-Period Change	
	2022	2021	$	%	2022	2021	$	%
Revenue	**66.0**	**64.4**	**1.6**	**3%**	**187.5**	**168.7**	**18.8**	**11%**
Expenses	44.2	45.1	(0.8)	-2%	130.7	119.0	11.7	10%
Amortization of intangible assets	8.5	6.7	1.8	27%	22.5	18.5	4.0	22%
Finance and other expense (income)	(0.2)	(0.1)	(0.1)	233%	(1.2)	1.3	(2.5)	NM
Income before income taxes	13.5	12.7	0.8	7%	35.4	29.9	5.5	19%
Income tax expense (recovery)								
Current income tax expense (recovery)	1.9	3.9	(2.0)	-51%	13.6	9.5	4.2	44%
Deferred income tax expense (recovery)	(0.2)	1.3	(1.4)	NM	(6.7)	(0.2)	(6.5)	NM
Income tax expense (recovery)	1.8	5.2	(3.4)	-66%	6.9	9.3	(2.3)	-25%
Net income	**11.8**	**7.5**	**4.2**	**56%**	**28.5**	**20.6**	**7.9**	**38%**
Total assets	329.8	313.3	16.5	5%	329.8	313.3	16.5	5%
Total long-term liabilities	46.0	27.8	18.2	66%	46.0	27.8	18.2	66%

NM – Not meaningful
Due to rounding, certain totals may not foot and certain percentages may not reconcile.

Comparison of the three and nine month periods ended September 30, 2022 and 2021

Revenue:

Total revenue for the quarter ended September 30, 2022 was $66.0 million, an increase of 3%, or $1.6 million, compared to $64.4 million for the comparable period in 2021. For the first nine months of 2022 total revenues were $187.5 million, an increase of 11%, or $18.8 million, compared to $168.7 million for the comparable period in 2021. The increase for both the three and nine month periods compared to the same periods in the prior year is attributable to growth from acquisitions, offset by negative organic growth. The Lumine Portfolio experienced organic growth of negative 18% and negative 9% respectively for the three and nine month periods ended September 30, 2022, and organic growth of negative 11% and negative 3%, respectively, after adjusting for the impact of changes in the valuation of the US dollar against most major currencies in which the Lumine Portfolio transacts business. The negative organic growth is primarily a result of high organic growth for the 2021 comparison periods, in particular in Q3 2021 due to a settlement from a customer related to termination of future services, as well as an acquisition completed during the nine month period ended September 30, 2022 which known material attrition from customer notifications were received prior to Lumine Portfolio's acquisition. For acquired companies, organic growth is calculated as the difference between actual revenues achieved by each business in the financial period following acquisition compared to the estimated revenues in the corresponding financial period preceding the date of acquisition by the Company or its affiliates. Removing the impact of these two preceding events, organic growth was negative 3% and 0% for the three and nine month periods ended September 30, 2022, respectively.

The following table displays the breakdown of our revenue according to revenue type:

	Three months ended September 30, 2022	Three months ended September 30, 2021	Period-Over-Period Change $	Period-Over-Period Change %	Q3-21 Proforma Adj. (Note 1) $	Organic Growth %	Nine months ended September 30, 2022	Nine months ended September 30, 2021	Period-Over-Period Change $	Period-Over-Period Change %	Q3-21 Proforma Adj. (Note 2) $	Organic Growth %
	($ in millions, except percentages)						($ in millions, except percentages)					
Licenses	8.9	11.4	(2.5)	-22%	0.7	-26%	27.3	28.8	(1.6)	-5%	1.7	-11%
Professional services	12.9	13.9	(1.0)	-7%	2.9	-23%	37.7	37.3	0.4	1%	6.5	-14%
Hardware and other	1.9	4.1	(2.2)	-55%	-	-55%	5.6	7.1	(1.5)	-21%	1.5	-35%
Maintenance and other recurring	42.4	35.0	7.4	21%	12.7	-11%	116.9	95.5	21.4	22%	28.1	-5%
	66.0	64.4	1.6	3%	16.2	-18%	187.5	168.7	18.8	11%	37.9	-9%

$M - Millions of dollars
Due to rounding, certain totals may not foot and certain percentages may not reconcile.
Note 1: Estimated pre-acquisition revenues for the three months ended September 30, 2021 from companies acquired after June 30, 2021 (obtained from unaudited vendor financial information).
Note 2: Estimated pre-acquisition revenues for the nine months ended September 30, 2021 from companies acquired after December 31, 2020 (obtained from unaudited vendor financial information).

For comparative purposes the table below shows the quarterly organic growth as compared to the same period in the prior year by revenue type since Q4 2020.

	Dec. 31 2020	Mar. 31 2021	Jun. 30 2021	Sep. 30 2021	Dec. 31 2021	Mar. 31 2022	Jun. 30 2022	Sep. 30 2022
Licenses	-22%	21%	30%	50%	15%	-7%	6%	-26%
Professional services	-5%	3%	28%	24%	3%	2%	-17%	-23%
Hardware and other	48%	-31%	-53%	197%	-7%	-23%	-5%	-55%
Maintenance and other recurring	11%	12%	17%	9%	3%	0%	-4%	-11%
Revenue	**2%**	**10%**	**16%**	**23%**	**4%**	**-2%**	**-6%**	**-18%**

The following table shows the same information adjusting for the impact of foreign exchange movements.

	Dec. 31 2020	Mar. 31 2021	Jun. 30 2021	Sep. 30 2021	Dec. 31 2021	Mar. 31 2022	Jun. 30 2022	Sep. 30 2022
Licenses	-24%	16%	23%	47%	15%	-5%	12%	-20%
Professional services	-8%	-3%	16%	18%	3%	6%	-9%	-16%
Hardware and other	43%	-37%	-58%	176%	-8%	-21%	5%	-47%
Maintenance and other recurring	7%	5%	7%	6%	3%	3%	3%	-4%
Revenue	**-1%**	**3%**	**7%**	**19%**	**4%**	**1%**	**1%**	**-11%**

Expenses:

The following table displays the breakdown of our expenses:

	Three months ended September 30,		Period-Over-Period Change		Nine months ended September 30,		Period-Over-Period Change	
	2022	2021	$	%	2022	2021	$	%
	($ in millions, except percentages)				($ in millions, except percentages)			
Expenses								
Staff	34.9	31.9	3.0	9%	97.9	87.4	10.5	12%
Hardware	1.3	2.4	(1.1)	-47%	3.4	4.3	(0.9)	-22%
Third party license, maintenance and professional services	2.8	3.8	(1.0)	-26%	8.1	7.8	0.3	4%
Occupancy	0.9	0.5	0.4	75%	1.7	1.4	0.3	20%
Travel, Telecommunications, Supplies & Software and equipment	3.4	1.0	2.4	246%	8.2	5.6	2.6	47%
Professional fees	2.2	0.9	1.2	137%	6.0	2.6	3.4	131%
Other, net	(3.0)	3.3	(6.3)	NM	1.2	6.0	(4.9)	-81%
Depreciation	1.9	1.3	0.6	46%	4.2	3.8	0.3	9%
	44.2	45.1	(0.8)	-2%	130.7	119.0	11.7	10%

Due to rounding, certain totals may not foot and certain percentages may not reconcile.

Overall expenses for the quarter ended September 30, 2022 decreased 2%, or $0.8 million to $44.2 million, compared to $45.1 million during the same period in 2021. During the nine months ended September 30, 2022, expenses increased 10%, or $11.7 million to $130.7 million, compared to $119.0 million during the same period in 2021. As a percentage of total revenue, expenses equalled 70% for the nine months ended September 30, 2022 and 71% for the same period in 2021.

Staff expense – Staff expenses increased 9% or $3.0 million for the quarter ended September 30, 2022 and 12% or $10.5 million for the nine months ended September 30, 2022 over the same periods in 2021. Staff expense can be broken down into five key operating departments: Professional Services, Maintenance, Research and Development, Sales and Marketing, and General and Administrative. Included within staff expenses for each of the above five departments are personnel and related costs associated with providing the necessary services. The table below compares the period over period variances.

	Three months ended September 30,		Period-Over-Period Change		Nine months ended September 30,		Period-Over-Period Change	
	2022	2021	$	%	2022	2021	$	%
	($ in millions, except percentages)				($ in millions, except percentages)			
Professional services	6.4	6.3	0.1	2%	18.7	17.3	1.5	9%
Maintenance	5.8	5.3	0.5	10%	16.4	14.5	1.9	13%
Research and development	9.2	8.0	1.2	15%	24.2	21.8	2.5	11%
Sales and marketing	6.2	5.1	1.2	23%	17.0	15.0	2.0	13%
General and administrative	7.3	7.3	(0.0)	-1%	21.6	18.9	2.7	14%
	34.9	31.9	3.0	9%	97.9	87.4	10.5	12%

Due to rounding, certain totals may not foot and certain percentages may not reconcile.

The increase in staff expenses for the three and nine months ended September 30, 2022 was primarily due to the growth in the number of employees compared to the same periods in 2021 primarily due to acquisitions.

Hardware expenses – Hardware expenses decreased 47% or $1.1 million for the quarter ended September 30, 2022 and decreased 22% or $0.9 million for the nine months ended September 30, 2022 over the same periods in 2021 as compared with the 55% decrease and 21% decrease in hardware and other revenue for the three and nine month periods ended September 30, 2022 respectively over the comparable periods in 2021. Hardware margins for the three and nine month periods ended September 30, 2022 were 30% and 41% as compared to 39% and 39% for the comparable periods in 2021. Hardware sales typically consist of the resale of third party hardware as part of the sale of customized solutions to our customers and margins vary period to period based on the nature, geographical location, and type of hardware required of solutions provided.

Third party license, maintenance and professional services expenses – Third party license, maintenance and professional services expenses decreased 26% or $1.0 million for the quarter ended September 30, 2022 and increased 4% or $0.3 million for the nine months ended September 30, 2022 over the same periods in 2021. The decrease for the three month period ended September 30, 2022 was primarily due to timing of expenses incurred as certain revenue projects progressed, as well as certain costs that were incurred in the comparable period in 2021 that did not recur. The increase for the nine month period ended September 30, 2022 is primarily due to third party license, maintenance and professional services expenses of acquired businesses, partially offset by the impact of timing of expenses and certain costs that were incurred in the comparable period in 2021 that did not recur.

Occupancy expenses – Occupancy expenses increased 75% or $0.4 million for the quarter ended September 30, 2022 and increased 20% or $0.3 million for the nine months ended September 30, 2022 over the same periods in 2021. The increases for both periods primarily relate to occupancy expenses of acquired businesses.

Travel, Telecommunications, Supplies & Software and equipment expenses – Travel, Telecommunications, Supplies & Software and equipment expenses increased 246% or $2.4 million for the quarter ended September 30, 2022 and 47% or $2.6 million for the nine months ended September 30, 2022 over the same period in 2021. The increase in these expenses is primarily due to employee travel increasing as restrictions imposed as a result of COVID-19 were gradually lifted, as well as expenses incurred by acquired businesses.

Professional fees – Professional fees increased 137% or $1.2 million for the quarter ended September 30, 2022 and 131% or $3.4 million for the nine months ended September 30, 2022 over the same periods in 2021. The increase is primarily due to professional fees incurred related to the acquisitions completed during the period, as well as fees incurred related to the Spin-Out and Acquisition described in this prospectus.

Other, net – Other expenses decreased $6.3 million for the quarter ended September 30, 2022 and decreased $4.9 million for the nine months ended September 30, 2022 over the same periods in 2021. The following table provides a further breakdown of expenses within this category.

	Three months ended September 30,		Period-Over-Period Change		Nine months ended September 30,		Period-Over-Period Change	
	2022	2021	$	%	2022	2021	$	%
	($ in millions, except percentages)				($ in millions, except percentages)			
Advertising and promotion	0.6	0.3	0.3	92%	1.4	0.7	0.6	83%
Recruitment and training	0.4	0.3	0.1	36%	0.9	1.0	(0.1)	-14%
R&D tax credits	(0.7)	(0.3)	(0.4)	176%	(1.7)	(0.9)	(0.8)	85%
Contingent consideration	(4.6)	1.6	(6.2)	NM	(3.2)	1.5	(4.6)	NM
Other expense, net	1.4	1.4	0.0	2%	3.9	3.8	0.1	2%
	(3.0)	3.3	(6.3)	NM	1.2	6.0	(4.9)	-81%

NM – Not meaningful
Due to rounding, certain totals may not foot and certain percentages may not reconcile.

The contingent consideration expense amounts recorded for the periods above relate to an increase (decrease) in anticipated acquisition earnout payment accruals primarily as a result of increases (decreases) to revenue forecasts for the associated acquisitions. Revenue forecasts are updated on a quarterly basis and the related anticipated acquisition earnout payment accruals are updated accordingly. The advertising and promotion increase is primarily related to spending by acquired businesses and a gradual return to pre-COVID levels of spending on trade shows and other marketing activities.

Other expense, net includes management fees paid to CSI, which reimburse CSI for certain expenses paid on behalf of the Lumine Portfolio (see "Related Parties" below for a discussion of the nature of these charges). The decrease in other expense, net primarily relates to a bad debt recovery on accounts receivable with a customer that was recognized in the quarter and lower management fees from CSI.

There are no individually material reasons contributing to the remaining variances.

Depreciation – Depreciation of property and equipment increased 46% or $0.6 million for the quarter ended September 30, 2022 and 9% or $0.3 million for the nine months ended September 30, 2022 as compared to the same periods in 2021. The increase in depreciation expense from acquired businesses was partially offset by decreases in depreciation expense at various existing business units as assets reached the end of their useful lives.

Other Income and Expenses:

The following table displays the breakdown of our other income and expenses:

	Three months ended September 30,		Period-Over-Period Change		Nine months ended September 30,		Period-Over-Period Change	
	2022	2021	$	%	2022	2021	$	%
	($ in millions, except percentages)				($ in millions, except percentages)			
Amortization of intangible assets	8.5	6.7	1.8	27%	22.5	18.5	4.0	22%
Foreign exchange (gain) loss	(0.5)	(0.2)	(0.2)	88%	(2.4)	0.3	(2.7)	NM
Finance and other expense (income)	0.2	0.2	0.1	36%	1.2	1.0	0.2	20%
Income tax expense (recovery)	1.8	5.2	(3.4)	-66%	6.9	9.3	(2.3)	-25%
	10.0	11.8	(1.8)	-15%	28.2	29.1	(0.8)	-3%

NM – Not meaningful
Due to rounding, certain totals may not foot and certain percentages may not reconcile.

Amortization of intangible assets – Amortization of intangible assets increased 27% or $1.8 million for the quarter ended September 30, 2022 and 22% or $4.0 million for the nine months ended September 30, 2022 over the same periods in 2021. The increase in amortization expense for the three and nine months ended September 30, 2022 is primarily attributable to an increase in the carrying amount of our intangible asset balance over the twelve-month period ended September 30, 2022 as a result of acquisitions completed during this twelve-month period.

Foreign exchange – Most of our businesses are organized geographically so many of our expenses are incurred in the same currency as our revenues, which mitigates some of our exposure to currency fluctuations. For the three and nine months ended September 30, 2022, we realized a foreign exchange gain of $0.5 million and $2.4 million, respectively, compared to a gain of $0.2 million and a loss of $0.3 million for the same periods in 2021. The year-over-year fluctuations in foreign exchange (gain) loss relate to movement in foreign currency exchange rates, particularly in European regions.

Finance and other expense (income) – Finance and other expense increased 36% or $0.1 million for the quarter ended September 30, 2022 and increased 20% or $0.2 million for the nine months ended September 30, 2022 over the same periods in 2021. The increase is primarily due to fair value adjustments and accretion on certain financial liabilities.

Income taxes – We operate globally and we calculate our tax provision in each of the jurisdictions in which we conduct business. Our effective tax rate on a combined basis is, therefore, affected by the realization and anticipated relative profitability of our operations in those various jurisdictions, as well as different tax rates that apply and our ability to utilize tax losses and other credits. For the quarter ended September 30, 2022, income tax expense decreased $3.4 to $1.8 million compared to $5.2 million for the same period in 2021.

During the nine months ended September 30, 2022, income tax expense decreased $2.3 million to $6.9 million compared to $9.3 million for the same period in 2021. Current tax expense has historically approximated our cash tax rate however the quarterly expense can sometimes fall outside of the annual range due to out of period adjustments. Current tax expense reflects gross taxes before the application of R&D tax credits which are classified as part of "other, net" expenses in the statement of income (loss). The Lumine Portfolio's combined effective tax rate in respect of continuing operations for the three and nine months ended September 30, 2022 was 13% and 20% respectively (41% and 31% for the three and nine months ended September 30, 2021).

Quarterly Results

	Quarter Ended (in millions of $)							
	Dec. 31 2020	Mar. 31 2021	Jun. 30 2021	Sep. 30 2021	Dec. 31 2021	Mar. 31 2022	Jun. 30 2022	Sep. 30 2022
Revenue	46.1	49.6	54.7	64.4	59.7	60.2	61.3	66.0
Net income	6.2	7.0	6.1	7.5	6.9	7.9	8.8	11.8

We do not generally experience significant seasonality in our operating results from quarter to quarter. However our quarterly results may fluctuate as a result of the various acquisitions which may be completed by the Lumine Portfolio in any given quarter. We may experience variations in our net income on a quarterly basis depending upon the timing of certain expenses or gains, which may include changes in provisions, acquired contract liabilities, and gains or losses on the sale of financial and other assets.

Liquidity

Cash increased by $7.3 million to $34.4 million in the nine months ended September 30, 2022. The increase in cash was predominantly driven by cash generated from operations and advances from CSI in the form of capital contributions and intercompany loans exceeding net capital deployed on acquisitions.

Total assets increased $1.4 million, from $328.4 million at December 31, 2021 to $329.8 million at September 30, 2022. The increase is primarily due to a $70.0 million increase in intangible assets, a $7.3 million increase in cash, and a $4.2 million increase in unbilled revenue, a $2.5 million increase in deferred income taxes, a $0.9 million increase in accounts receivable, and a $8.6 million increase in other assets, partially offset by a $92.4 million decrease in amounts due from related parties, net.

Current liabilities decreased $8.3 million, from $126.2 million at December 31, 2021 to $117.9 million at September 30, 2022. The decrease is primarily due to a $8.5 million decrease in deferred revenue, a $2.2 million decrease in acquisition holdback payables, and a $1.7 million decrease in accounts payable and accrued liabilities, partially offset by an increase in income taxes payable.

Net Changes in Cash Flows
($ in millions)

	Nine months ended September 30, 2022	**Nine months ended September 30, 2021**
Net cash provided by operating activities	25.0	67.3
Net cash from (used in) financing activities	64.7	(61.6)
Cash used in the acquisition of businesses	(83.6)	(5.8)
Cash obtained with acquired businesses	2.9	0.0
Net cash from (used in) other investing activities	(0.3)	(0.6)

Net cash from (used in) investing activities	(81.0)	(6.4)
Effect of foreign currency	(1.5)	(0.7)
Net increase (decrease) in cash and cash equivalents	**7.3**	**(1.4)**

The net cash flows from operating activities were $25.0 million for the nine months ended September 30, 2022. The $25.0 million provided by operating activities resulted from $28.5 million in net income plus $29.2 million of non-cash adjustments to net income, offset by $28.4 million of cash used in non-cash operating working capital and $4.3 million in taxes paid.

The net cash flows from financing activities for the nine months ended September 30, 2022 were $64.7 million, which is mainly a result of advances from CSI or its affiliates totaling $66.8 million, partially offset by payments of lease obligations totalling $2.1 million.

The net cash flows used in investing activities for the nine months ended September 30, 2022 were $81.0 million. The cash used in investing activities was primarily due to acquisitions for an aggregate of $83.6 million (including payments for holdbacks relating to prior acquisitions) offset by $2.9 million of acquired cash.

We believe we have sufficient cash available to continue to operate for the foreseeable future. Generally, our VMS businesses operate with negative working capital as a result of the collection of maintenance fee payments and other revenues in advance of the performance of the related services. Additional external funding may be utilized depending upon the size and timing of potential future acquisitions.

Related Parties

Transactions with related parties are assumed when a relationship exists between each of the entities within the Lumine Portfolio and a natural person or entity that is affiliated with any entities within the Lumine Portfolio. This includes, amongst others, the relationship between the Lumine Portfolio 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

(i) Due from related parties

The Lumine Portfolio generates operating cash flows and transfers excess cash to CSI on a short-term basis to fund the operations of CSI and business acquisitions completed by CSI on the Lumine Portfolio's behalf. These transfers of excess cash to CSI are recorded through transfers to CSI on the combined statement of cash flows. The aggregate short-term funding is recoverable from CSI within the next 12 months and has been recorded as due from related parties in the combined statement of financial position. At September 30, 2022, the Lumine Portfolio had due from related parties of $40.3 million (December 31, 2021 - $113.4 million) which reflects the cash transferred to CSI for short-term funding and acquisitions completed on its behalf. During the nine month period ended September 30, 2022, the business acquisition described in note 4 to our interim financial statements was funded by a cash transfer of $79.8 million from CSI resulting in a $48.2 million reduction in due from related parties and a $31.6 million capital contribution to Lumine.

(ii) Due to related parties

The Lumine Portfolio pays management fees to CSI (included within "Other, net" expenses) and reimburses CSI for certain expenses paid on behalf of the Lumine Portfolio. During the nine month period ended September 30, 2022, the Lumine Portfolio expensed management fees of $2.5 million (September 30, 2021 – $2.4 million). At September 30, 2022, the Lumine Portfolio had outstanding amounts due to related parties of $21.0 million (December 31, 2021 - $1.7 million) which reflects the amount owing to CSI for management fees and the reimbursement of expenses paid on its behalf.

The due from related parties and due to related parties are expected to be settled with CSI over the next twelve months through various cash and non-cash settlement methods, including business transfers and the settlement of related contingent consideration and holdback payables, returns of capital, and non-cash dividends. As such, the ending related party balance with CSI was recorded as a net receivable of $19.3 million within due from related parties, net (December 31, 2021 – $111.6 million).

(iii) Non-cash capital contributions

Periodically, acquisitions are completed by CSI and transferred to the Lumine Portfolio by CSI immediately following the acquisitions. Subsequent to the date of transfer, the Lumine Portfolio includes the transferred assets and liabilities in the combined statements of financial position. The results of operations of the transferred businesses are included in the combined statements of income from the respective dates of transfer and thereafter. There were no such acquisitions completed by CSI and transferred to the Lumine Portfolio in the nine month period ended September 30, 2022.

(iv) Dividends to CSI

The entities within the Lumine Portfolio periodically issue dividends to CSI. When an entity within the Lumine Portfolio declares a dividend, this is recorded as a reduction in net parent equity. During the nine month period ended September 30, 2022, the Lumine Portfolio paid aggregate dividends to CSI of $44.8 million (September 30, 2021 - $3.0 million).

Capital Resources and Commitments

<u>Capital Resources</u>

Capital of the Lumine Portfolio is defined as advances we receive from CSI or its affiliates, which are typically in the form of loans or equity. The Lumine Portfolio has not issued capital to parties other than CSI.

<u>Term Loans</u>

On October 31, 2022, a business within the Lumine Portfolio closed term loan funding with a Canadian chartered bank, amounting to $39 million, to provide long-term financing in connection with an acquired business. Covenants and guarantees associated with this loan are monitored and reported based on the financial position and financial performance of the acquired business. The loan has a maturity date of October 31, 2026 and bears an interest rate of SOFR plus applicable spreads.

<u>Other Commitments</u>

Commitments include operating leases for office equipment and facilities, letters of credit and performance bonds issued on our behalf by financial institutions in connection with facility leases and contracts with public sector customers. Also, occasionally we structure some of our acquisitions with contingent consideration based on the future performance of the acquired business. The fair value of contingent consideration recorded in our statement of financial position was $5.1 million at September 30, 2022. Aside from the aforementioned, we do not have any other business arrangements, derivative financial instruments or any equity interests in non-combined entities that would have a significant effect on our assets and liabilities as at September 30, 2022.

Off-Balance Sheet Arrangements

As a general practice, we have not entered into off-balance sheet financing arrangements. Except for short term leases, leases of low value assets, and letters of credit, all of our liabilities and commitments are reflected as part of our statement of financial position.

Proposed Transactions

We seek potential acquisition targets on an ongoing basis and may complete several acquisitions in any given fiscal year.

Net Parent Equity

As at September 30, 2022, net parent equity totalled $165.9 million (December 31, 2021 - $173.1 million).

Risks and Uncertainties

See "*Risk Factors*" for a discussion of the risks affecting our business.

The Company is closely monitoring the impact of the novel coronavirus, or COVID-19, on all aspects of its business. COVID-19 was declared a global pandemic by the World Health Organization on March 11, 2020. The COVID-19 pandemic has had disruptive effects in countries in which the Lumine Portfolio operates, but there has been no material impact to the Lumine Portfolio's operations to date. The COVID-19 pandemic did not materially impact the Lumine Portfolio's results of operations, cash flows or financial position, however, the future impacts of a resurgence of the pandemic and any resulting economic impact are largely unknown. As of the date hereof, there are no known or anticipated COVID-19 related impacts on the Lumine Portfolio's business or operations.

Fiscal 2021 Compared to Fiscal 2020

Results of Operations

The following table displays a summary of the results of operations of the Lumine Portfolio for the fiscal years ended December 31, 2021 and 2020.

Results of Operations
(In millions of dollars, except percentages)

	Year Ended December 31,		Period-Over-Period Change	
	2021	2020	$	%
Revenue	**228.4**	**166.4**	**62.0**	**37%**
Expenses	164.6	119.3	45.2	38%
Amortization of intangible assets	25.5	18.6	6.9	37%
Finance and other expense (income)	0.7	2.1	(1.4)	-65%
Income before income taxes	37.5	26.3	11.2	43%
Income tax expense (recovery)				
Current income tax expense (recovery)	10.8	7.0	3.8	54%
Deferred income tax expense (recovery)	(0.8)	(1.0)	0.2	-23%
Income tax expense (recovery)	10.1	6.0	4.0	67%
Net income	**27.5**	**20.3**	**7.2**	**35%**
Total assets	328.4	267.0	61.4	23%
Total long-term liabilities	29.0	26.5	2.5	10%

NM – Not meaningful
Due to rounding, certain totals may not foot and certain percentages may not reconcile.

Comparison of Fiscal Years Ended December 31, 2021 and 2020

Revenue:

Total revenue for the fiscal year ended December 31, 2021 was $228.4 million, an increase of 37%, or $62.0 million, compared to $166.4 million for the 2020 fiscal year. The increase is attributable to growth from acquisitions as well as organic growth of 13%, or 8% after adjusting for the impact of changes in the valuation of the US dollar against most major currencies in which the Lumine Portfolio transacts business. For acquired companies, organic growth is calculated as the difference between actual revenues achieved by each business unit in the financial period following acquisition compared to the estimated revenues in the corresponding financial period preceding the date of acquisition by the Company or its affiliates. The organic growth of 13% for the year ended December 31, 2021 is attributable to new customer contracts, license expansion sales, and pricing increases across several of our business units.

The following table displays the breakdown of our revenue according to revenue type:

	Year ended December 31,		Period-Over-Period Change		FY20 Proforma Adj. (Note 1)	Organic Growth
	2021	2020	$	%	$	%
	($ in millions, except percentages)					
Licenses	36.7	26.1	10.6	41%	2.2	30%
Professional services	49.8	37.5	12.3	33%	6.0	14%
Hardware and other	9.0	8.3	0.7	9%	0.5	2%
Maintenance and other recurring	132.8	94.5	38.3	41%	26.5	10%
	228.4	166.4	62.0	37%	35.3	13%

Due to rounding, certain totals may not foot and certain percentages may not reconcile.
Note 1: Estimated pre-acquisition revenues for the twelve months ended December 31, 2020 from companies acquired after December 31, 2019. (Obtained from unaudited vendor financial information.)

For comparative purposes the table below shows the quarterly organic growth as compared to the same period in the prior year by revenue type since Q1 2020.

	Quarter ended							
	Mar. 31 2020	Jun. 30 2020	Sep. 30 2020	Dec. 31 2020	Mar. 31 2021	Jun. 30 2021	Sep. 30 2021	Dec. 31 2021
Licenses	13%	-20%	-10%	-22%	21%	30%	50%	15%
Professional services	1%	1%	-4%	-5%	3%	28%	24%	3%
Hardware and other	13%	128%	-33%	48%	-31%	-53%	197%	-7%
Maintenance and other recurring	6%	3%	6%	11%	12%	17%	9%	3%
Revenue	**6%**	**3%**	**-1%**	**2%**	**10%**	**16%**	**23%**	**4%**

The following table shows the same information adjusting for the impact of foreign exchange movements.

	Quarter ended							
	Mar. 31 2020	Jun. 30 2020	Sep. 30 2020	Dec. 31 2020	Mar. 31 2021	Jun. 30 2021	Sep. 30 2021	Dec. 31 2021
Licenses	15%	-19%	-11%	-24%	16%	23%	47%	15%
Professional services	3%	4%	-7%	-8%	-3%	16%	18%	3%
Hardware and other	17%	135%	-35%	43%	-37%	-58%	176%	-8%
Maintenance and other recurring	7%	5%	2%	7%	5%	7%	6%	3%
Revenue	**8%**	**5%**	**-4%**	**-1%**	**3%**	**7%**	**19%**	**4%**

Expenses:

The following table displays the breakdown of our expenses:

	Year ended December 31,		Period-Over-Period Change	
	2021	2020	$	%
	($ in millions, except percentages)			
Expenses				
Staff	120.1	87.3	32.8	38%
Hardware	5.2	5.5	(0.3)	-5%
Third party license, maintenance and professional services	10.3	7.2	3.2	45%
Occupancy	2.1	1.9	0.2	11%
Travel, Telecommunications, Supplies & Software and equipment	8.0	9.0	(1.0)	-11%
Professional fees	3.2	2.5	0.7	28%
Other, net	10.5	0.9	9.6	NM
Depreciation	5.2	5.1	0.0	0%
	164.6	119.3	45.2	38%

NM – Not meaningful
Due to rounding, certain totals may not foot and certain percentages may not reconcile.

During the fiscal year ended December 31, 2021, expenses increased 38%, or $45.2 million to $164.6 million, compared to $119.3 million during the same period in 2020. As a percentage of total revenue, expenses were 72% for both the fiscal year ended December 31, 2021 and December 31, 2020.

Staff expense – Staff expenses increased 38% or $32.8 million for the fiscal year ended December 31, 2021 over the same period in 2020. Staff expense can be broken down into five key operating departments: Professional Services, Maintenance, Research and Development, Sales and Marketing, and General and Administrative. Included within staff expenses for each of the above five departments are personnel and related costs associated with providing the necessary services. The table below compares the period over period variances.

	Year ended December 31,		Period-Over-Period Change	
	2021	2020	$	%
	($ in millions, except percentages)			
Professional services	23.6	19.3	4.3	22%
Maintenance	20.1	13.4	6.7	50%
Research and development	29.0	21.9	7.0	32%
Sales and marketing	20.3	16.5	3.7	22%
General and administrative	27.1	16.2	11.0	68%
	120.1	87.3	32.8	38%

Due to rounding, certain totals may not foot and certain percentages may not reconcile.

The increase in staff expenses for the fiscal year ended December 31, 2021 was primarily due to the growth in the number of employees compared to the same period in 2020 primarily due to acquisitions.

Hardware expenses – Hardware expenses decreased 5% or $0.3 million for the fiscal year ended December 31, 2021 over the fiscal year ended December 31, 2020 as compared with the 9% increase in hardware and other revenue. Hardware margins for the fiscal year ended December 31, 2021 were 42% as compared to 34% for the same period in 2020. Hardware sales typically consist of the resale of third party hardware as part of the sale of customized solutions to our customers and margins vary period to period based on the nature, geographical location, and type of hardware required of solutions provided.

Third party license, maintenance and professional services expenses – Third party license, maintenance and professional services expenses increased 45% or $3.2 million for the fiscal year ended December 31, 2021 over the same period in 2020. The increase is primarily due to third party license, maintenance and professional services expenses of acquired businesses.

Occupancy expenses – Occupancy expenses increased 11% or $0.2 million for the fiscal year ended December 31, 2021 over the same period in 2020. The increase is primarily due to the occupancy expenses of acquired businesses.

Travel, Telecommunications, Supplies & Software and equipment expenses – Travel, Telecommunications, Supplies & Software and equipment expenses decreased 11% or $1.0 million for the fiscal year ended December 31, 2021 over the same period in 2020. The decrease in these expenses is primarily due to travel restrictions related to COVID-19.

Professional fees – Professional fees increased 28% or $0.7 million for the fiscal year ended December 31, 2021 over the same period in 2020. The increase is primarily due to the professional fees incurred by acquired businesses.

Other, net – Other expenses increased $9.6 million for the fiscal year ended December 31, 2021 over the same period in 2020. The following table provides a further breakdown of expenses within this category.

	Year ended December 31,		Period-Over-Period Change	
	2021	2020	$	%
	($ in millions, except percentages)			
Advertising and promotion	1.2	1.2	(0.0)	-2%
Recruitment and training	1.4	0.7	0.7	90%
R&D tax credits	(1.5)	(2.1)	0.6	-29%
Contingent consideration	4.0	(2.3)	6.3	NM
Government assistance	(0.0)	(0.4)	0.3	-95%
Other expense, net	5.4	3.7	1.8	47%
	10.5	0.9	9.6	NM

NM – Not meaningful
Due to rounding, certain totals may not foot and certain percentages may not reconcile.

The contingent consideration expense amounts recorded for the periods above relate to an increase (decrease) in anticipated acquisition earnout payment accruals primarily as a result of increases (decreases) to revenue forecasts for the associated acquisitions. Revenue forecasts are updated on a quarterly basis and the related anticipated acquisition earnout payment accruals are updated accordingly.

Recruitment and training expenses have increased as many businesses slowed down hiring in 2020 as a result of COVID-19 and re-instated hiring in 2021. The increase in recruitment and training expenses also includes spending by acquired businesses.

R&D tax credits have decreased due to lower R&D expenses incurred which were eligible for such credits.

In 2020 and 2021 the governments of various jurisdictions in which we have operations had approved legislation and took administrative actions intended to aid businesses that had been adversely impacted by COVID19, including making grants or credits available to eligible entities to subsidize or offset qualifying expenses, including employee wages, or to lower payroll taxes or required social insurance programs (in certain countries), in each case subject to limits and other specified criteria. During the year ended December 31, 2020 we determined that we qualified for an estimated aggregate amount of $0.4 million of grants from various government authorities, including the Canada Emergency Wage Subsidy (CEWS) announced by the Government of Canada in April 2020, and recognized such amounts as a reduction in expenses during the period. During the year ended December 31, 2021, government grants recognized were not significant, as programs have either been cancelled or we have determined that we no longer qualify.

Other expense, net includes management fees paid to CSI, which reimburse CSI for certain expenses paid on behalf of the Lumine Portfolio (see "Related Parties" below for a discussion of the nature of these charges). The increase primarily relates to the management fees expenses of acquired businesses.

There are no individually material reasons contributing to the remaining variances.

Depreciation – Depreciation of property and equipment remained flat at $5.2 million for the fiscal year ended December 31, 2021 as compared to the same period in 2020. The increase in depreciation expense from acquired businesses was offset by decreases in depreciation expense at various existing business units as assets became fully depreciated at the end of their useful lives.

Other Income and Expenses:

The following table displays the breakdown of our other income and expenses:

	Year ended December 31,		Period-Over-Period Change	
	2021	2020	$	%
	($ in millions, except percentages)			
Amortization of intangible assets	25.5	18.6	6.9	37%
Foreign exchange (gain) loss	(0.3)	1.7	(2.0)	-216%
Finance and other expense (income)	1.0	0.4	0.6	165%
Income tax expense (recovery)	10.1	6.0	4.0	67%
	36.3	26.7	9.6	36%

NM – Not meaningful
Due to rounding, certain totals may not foot and certain percentages may not reconcile.

Amortization of intangible assets – Amortization of intangible assets increased 37% or $6.9 million for the fiscal year ended December 31, 2021 over the same period in 2020. The increase in amortization expense for the fiscal year ended December 31, 2021 is primarily attributable to an increase in the carrying amount of our intangible asset balance over the twelve-month period ended December 31, 2020 as a result of acquisitions completed during this twelve-month period.

Foreign exchange – Most of our businesses are organized geographically so many of our expenses are incurred in the same currency as our revenues, which mitigates some of our exposure to currency fluctuations. For the year fiscal year ended December 31, 2021, we realized a foreign exchange gain of $0.3 million compared to a loss of $1.7 million for the same period in 2020. The year-over-year fluctuations in foreign exchange (gain) loss relate to movement in foreign currency exchange rates, particularly in European regions as well as changes in the fair value of the derivative liability.

Finance and other expense (income) – Finance and other expense for the fiscal year ended December 31, 2021 increased $0.6 million to $1.0 million, compared to $0.6 million for the same period in 2020. The increase is primarily due to fair value adjustments and accretion on certain financial liabilities.

Income taxes – We operate globally and we calculate our tax provision in each of the jurisdictions in which we conduct business. Our effective tax rate on a combined basis is, therefore, affected by the realization and anticipated relative profitability of our operations in those various jurisdictions, as well as different tax rates that apply and our ability to utilize tax losses and other credits. During the year ended December 31, 2021, income tax expense increased $4.0 million to $10.1 million compared to $6.0 million for the same period in 2020. Current tax expense has historically approximated our cash tax rate however the quarterly expense can sometimes fall outside of the annual range due to out of period adjustments. Current tax expense reflects gross taxes before the application of R&D tax credits which are classified as part of "other, net" expenses in the statement of income (loss). The Lumine Portfolio's combined effective tax rate in respect of continuing operations for the year ended December 31, 2021 was 27% (23% for the year ended December 31, 2020).

Quarterly Results

	Quarter Ended (in millions of $)							
	Mar. 31 2020	Jun. 30 2020	Sep. 30 2020	Dec. 31 2020	Mar. 31 2021	Jun. 30 2021	Sep. 30 2021	Dec. 31 2021
Revenue	38.8	39.5	42.0	46.1	49.6	54.7	64.4	59.7
Net income	3.7	4.1	6.2	6.2	7.0	6.1	7.5	6.9

We do not generally experience significant seasonality in our operating results from quarter to quarter. However our quarterly results may fluctuate as a result of the various acquisitions which may be completed by the Lumine Portfolio in any given quarter. We may experience variations in our net income on a quarterly basis depending upon the timing of certain expenses or gains, which may include changes in provisions, acquired contract liabilities, and gains or losses on the sale of financial and other assets.

Liquidity

Cash decreased by $8.0 million to $27.1 million at December 31, 2021 compared to $35.1 million at December 31, 2020. The decrease in cash was predominantly driven by net capital deployed on acquisitions plus cash transferred to CSI exceeding cash flows generated from operations.

Total assets increased $61.4 million, from $267.0 million at December 31, 2020 to $328.4 million at December 31, 2021. The increase is primarily due to a $51.8 million increase in amounts due from related parties, primarily driven by transfers of excess cash by entities within the Lumine Portfolio to CSI net of business transfers**,** and a $14.4 million increase in intangible assets.

Current liabilities increased $32.9 million, from $93.3 million at December 31, 2020 to $126.2 million at December 31, 2021. The increase is primarily due to an increase in accounts payable and accrued liabilities of $11.0 million and an increase in deferred revenue of $16.9 million mainly due to acquisitions made since December 31, 2020 and the timing of maintenance and other billings versus performance and delivery under those customer arrangements.

Net Changes in Cash Flows
(In millions of dollars)

	Year ended December 31, 2021	Year ended December 31, 2020
Net cash provided by operating activities	86.0	59.5
Net cash from (used in) financing activities	(79.6)	(32.5)
Cash used in the acquisition of businesses	(16.4)	(13.6)
Cash obtained with acquired businesses	2.9	3.5
Net cash from (used in) other investing activities	(0.7)	(0.6)
Net cash from (used in) investing activities	(14.2)	(10.7)
Effect of foreign currency	(0.2)	(0.0)
Net increase (decrease) in cash and cash equivalents	**(8.0)**	**16.2**

The net cash flows from operating activities were $86.0 million for the year ended December 31, 2021. The $86.0 million provided by operating activities resulted from $27.5 million in net income plus $45.5 million of non-cash adjustments to net income and $17.3 million of cash from non-cash operating working capital, offset by $4.2 million in taxes paid.

The net cash flows used in financing activities in the year ended December 31, 2021 were $79.6 million, which is mainly a result of cash transfers to CSI or its affiliates totaling $80.0 million, and payments of lease obligations totalling $2.8 million.

The net cash flows used in investing activities in the year ended December 31, 2021 were $14.2 million. The cash used in investing activities was primarily due to acquisitions for an aggregate of $16.4 million (including payments for holdbacks relating to prior acquisitions) offset by $2.9 million of acquired cash.

We believe we have sufficient cash to continue to operate for the foreseeable future. Generally, our VMS businesses operate with negative working capital as a result of the collection of maintenance fee payments and other revenues in advance of the performance of the related services. Additional external funding may be utilized depending upon the size and timing of potential future acquisitions.

Related Parties

Transactions with related parties are assumed when a relationship exists between each of the entities within the Lumine Portfolio and a natural person or entity that is affiliated with any entities within the Lumine Portfolio. This includes, amongst others, the relationship between the Lumine Portfolio 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 of whether anything has been charged.

(a) Transactions with CSI

(i) Due from related parties

The Lumine Portfolio generates operating cash flows and transfers excess cash to CSI on a short-term basis to fund the operations of CSI and business acquisitions completed by CSI on the Company’s behalf. These transfers of excess cash to CSI are recorded through transfers to CSI on the combined statement of cash flows. The aggregate short-term funding is recoverable from CSI within the next 12 months and has been recorded as due from related parties in the combined statement of financial position. At December 31, 2021, the Lumine Portfolio had due from related parties of $113.4 million (December 31, 2020 - $69.6 million) which reflects the cash transferred to CSI for short-term funding and acquisitions completed on its behalf.

(ii) Due to related parties

The Lumine Portfolio pays management fees to CSI (included within "Other, net" expenses) and reimburses CSI for certain expenses paid on behalf of the Lumine Portfolio. During the year, the Lumine Portfolio expensed management fees of $3.4 million (December 31, 2020 – $2.3 million). At December 31, 2021, the Lumine Portfolio had outstanding amounts due to related parties of $1.8 million (December 31, 2020 - $9.8 million) which reflects the amount owing to CSI for management fees and the reimbursement of expenses paid on its behalf.

The due from related parties and due to related parties balances are expected to be settled with CSI over the next twelve months through various cash and non-cash settlement methods, including business transfers, and the settlement of related contingent consideration and holdback payables, returns of capital, and non-cash dividends. The ending related party balance with CSI was recorded as a net receivable of $111.6 million within due from related parties, net (December 31, 2020 – $59.8 million).

(iii) Non-cash capital contributions

During the years ended December 31, 2021 and December 31, 2020, there were certain acquisitions completed by CSI that were transferred to the Lumine Portfolio by CSI immediately following the acquisitions. Subsequent to the date of transfer, the Lumine Portfolio includes the transferred assets and liabilities in the combined statements of financial position. The results of operations of the transferred businesses have been included in the combined statements of income from the respective dates of transfer and thereafter.

The transfer of the net assets of acquired legal entities, including the tangible assets, the intangible assets, and the assumed liabilities, has been recorded as a combination of capital contributions to the Lumine Portfolio, recorded as a net increase in net Parent equity, and reductions to due from related parties, reflecting partial cash funding by the Business, in the combined statements of financial position.

During the year ended December 31, 2021, CSI completed a number of acquisitions on the Lumine Portfolio's behalf (the "2021 transferred businesses"). The net assets of the 2021 transferred businesses of $24.5 million were transferred to the Lumine Portfolio as capital contributions of $14.1 million and a reduction in due from related parties of $10.4 million.

The 2021 transferred businesses contributed aggregate revenue and a net loss since the respective dates of acquisition of $21.7 million and $1.4 million, respectively, during the year ended December 31, 2021.

The obligations for contingent consideration associated with the 2021 transferred businesses were also allocated to the Lumine Portfolio. During the year ended December 31, 2021, the Lumine Portfolio assumed contingent consideration of $0.6 million, based on the estimated fair value at the date of transfer, and settled contingent consideration of $7.1 million by reducing due from related parties.

During the year ended December 31, 2020, CSI completed a number of acquisitions on the Lumine Portfolio's behalf (the "2020 transferred businesses"). The net assets of the 2020 transferred businesses of $16.5 million were transferred to the Lumine Portfolio as capital contributions of $16.3 million and a reduction in due from related parties of $0.1 million.

The 2020 transferred businesses contributed aggregate revenue and a net loss since the respective dates of acquisition of $14.6 million and $0.4 million, respectively, during the year ended December 31, 2021.

The obligation for contingent consideration associated with the 2020 transferred businesses was also allocated to the Lumine Portfolio. During the year ended December 31, 2020, the Lumine Portfolio assumed contingent consideration of $0.7 million, based on the estimated fair value at the date of transfer.

(iv) Dividends to the Parent

The entities within the Lumine Portfolio periodically issue dividends to CSI. When an entity within the Lumine Portfolio declares a dividend, this is recorded as a reduction in net parent equity. During the year, the Lumine Portfolio paid aggregate dividends to CSI of $13.2 million (December 31, 2020 - $7.6 million).

(b) Key management personnel compensation

The key management personnel of the Company are the members of the Company's executive management team.

	Years ended December 31,	
(in millions)	2021	2020
Salaries, bonus and employee benefits	$ 6.0	$ 4.7
Total	$ 6.0	$ 4.7

There were no significant post-employment benefits, other long-term benefits, or share-based payments attributed to the key management personnel in 2021 and 2020.

Capital Resources and Commitments

Capital Resources

Capital of the Lumine Portfolio is defined as advances we receive from CSI or its affiliates, which are typically loans or injections of capital. The Lumine Portfolio has not issued capital to parties other than CSI.

Term Loans

On October 31, 2022, a business within the Lumine Portfolio closed term loan funding with a Canadian chartered bank, amounting to $39 million, to provide long-term financing in connection with an acquired business. Covenants and guarantees associated with this loan are monitored and reported based on the financial position and financial performance of the acquired business. The loan has a maturity date of October 31, 2026 and bears an interest rate of SOFR plus applicable spreads.

Guarantees

In the normal course of business, some of the entities within the Lumine Portfolio 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.

The entities within the Lumine Portfolio have provided routine indemnifications to some of its customers against liability if the product of any entity within the Lumine Portfolio infringes on a third party's intellectual property rights. The maximum exposure from the indemnifications cannot be reasonably estimated.

Other Commitments

Commitments include operating leases for office equipment and facilities, letters of credit and performance bonds issued on our behalf by financial institutions in connection with facility leases and contracts with public sector customers. Also, occasionally we structure some of our acquisitions with contingent consideration based on the future performance of the acquired business. The fair value of contingent consideration recorded in our statement of financial position was $7.3 million at December 31, 2021. Aside from the aforementioned, we do not have any other business arrangements, derivative financial instruments, or any equity interests in non-combined entities that would have a significant effect on our assets and liabilities as at December 31, 2021.

($ in millions)	Total	< 1 yr	1-5 yrs	> 5 yrs
Lease obligations	5.6	2.5	2.7	0.4
Holdbacks	12.8	11.0	1.9	-
Total outstanding commitments	18.4	13.5	4.5	0.4

Off-Balance Sheet Arrangements

As a general practice, we have not entered into off-balance sheet financing arrangements. Except for short term leases, leases of low value assets, and letters of credit, all of our liabilities and commitments are reflected as part of our statement of financial position.

Proposed Transactions

We seek potential acquisition targets on an ongoing basis and may complete several acquisitions in any given fiscal year.

Subsequent Events

On October 31, 2022, a business within the Lumine Portfolio closed term loan funding with a Canadian chartered bank, amounting to $39 million, to provide long-term financing in connection with an acquired business. See "*Management's Discussion and Analysis – Three and Nine months Ended September 30, 2022 Compared to 2021 – Term Loans*".

On December 12, 2022, Lumine Holdings, a subsidiary of Trapeze, entered into an agreement to acquire 100% of the shares of the Target, subject to regulatory approvals and closing conditions. In connection with the Pre-Closing Reorganization, Lumine Holdings will amalgamate with the Company prior to the completion of such acquisition, and therefore the Company will become a party to such agreement as the successor entity to Lumine Holdings. See "*Acquisition of the Target*".

On December 12, 2022, a business within the Lumine Portfolio entered into an agreement to acquire 100% of the outstanding shares of Wiztivi SAS ("**Wiztivi**") for total consideration of $36.4 million plus potential contingent consideration not to exceed $5.3 million. Wiztivi is a software company catering to the communications and media market, which is a software business similar to existing businesses operated by the Lumine Portfolio.

Critical Accounting Estimates and Accounting Policies

<u>General</u>

The preparation of our combined financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. Our estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Our ongoing evaluation of these estimates forms the basis for making judgments about the carrying values of assets and liabilities and the reported amount of revenues and expenses, in cases where they are not readily ascertainable from other sources. Actual amounts may differ from these estimates under different assumptions or conditions.

Our significant accounting policies are fully described in Note 3 to our annual combined financial statements included in this prospectus. Certain accounting policies are particularly important to the reporting of our financial position and results of operations, and require the application of significant judgment by our management. An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different, estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could have a material impact on the financial statements. Management believes the following critical accounting policies reflect the more significant estimates and assumptions used in the preparation of our combined financial statements. We believe that there have been no significant changes in our critical accounting estimates for the years presented in our combined financial statements.

Revenue Recognition

Revenue represents the amount the Lumine Portfolio expects to receive for products and services in its contracts with customers, net of discounts and sales taxes. The Lumine Portfolio 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 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, and hosted products.

Contracts with multiple products or services

Typically, an entity within the Lumine Portfolio enters into contracts that contain multiple products and services such as software licenses, hosted software-as-a-service, maintenance, professional services, and hardware. The Lumine Portfolio 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 Lumine Portfolio'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 standalone selling price.

Nature of products and services

Each entity within the Lumine Portfolio sells on-premise 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 Lumine Portfolio'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 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 either on the achievement of contractually defined milestones or based on labour hours. The percentage-of-completion method based on labour hours requires the Lumine Portfolio to make significant judgments to determine the estimated hours to completion which affects the timing of revenue recognized.

A portion of the Lumine Portfolio'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 Lumine Portfolio 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, 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. The revenue 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 Lumine Portfolio 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.

Valuation of Identifiable Goodwill and Other Intangible Assets

Acquisitions have been accounted for using the acquisition method required by IFRS 3. 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 excess of the consideration transferred less the assets and liabilities acquired is negative, a bargain purchase gain is recognized immediately in profit or loss. Transaction costs that the Lumine Portfolio incurs in connection with a business combination are expensed as incurred.

We use the income approach to value acquired technology and customer related intangible assets, which are the two material intangible asset categories reported in our financial statements.

The income approach is a valuation technique that calculates the fair value of an intangible asset based on the cash flows that the asset can be expected to generate over its remaining useful life. We utilize the discounted cash flow methodology which is a form of the income approach that begins with a forecast of the annual cash flows 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 asset.

Specifically, we rely on the relief-from-royalty method to value the acquired technology and the multiple-period excess earnings method ("**MEEM**") 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 costs 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.

Goodwill is initially recorded when the purchase price paid for an acquisition exceeds the fair value assigned to the net identifiable tangible and intangible assets acquired. Goodwill is not amortized but rather it is periodically assessed for impairment.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses, with the carrying value being reviewed for impairment at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired. We perform an annual review in the fourth quarter of each fiscal year, or more frequently if indicators of potential impairment exist, to determine if the recorded goodwill is impaired. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee. No such losses have been recognized during the year.

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 Lumine Portfolio's cash generating units ("**CGU**") and the net asset carrying values (including goodwill). Within the Lumine Portfolio's reporting structure, business units generally reflect the CGU. In determining the recoverable amount, the Lumine Portfolio 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 Lumine Portfolio for this purpose reflect current market conditions specific to the business unit and are assessed for reasonability by comparison to the Lumine Portfolio's current and past acquisition experience involving ranges of revenue-based multiples required to acquire representative software companies and the parent company's (CSI) 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 Lumine Portfolio's business acquisitions. An impairment is recognized if the carrying amount of a CGU exceeds its estimated recoverable amount. The recoverable amount for CGUs containing goodwill is estimated annually on December 31 of each year or whenever events or changes in circumstances indicate that the carrying value may be impaired.

<u>Accounting for Income Taxes</u>

Significant management judgment is required in determining our provision for income taxes, our income tax assets and liabilities, and any recognized deferred tax assets. We operate in multiple geographic jurisdictions, and to the extent that we have profits in each jurisdiction, these profits are taxed pursuant to the tax laws of their jurisdiction. Our effective tax rate may be affected by changes in, or interpretations of, tax laws in any given jurisdiction, the level of profitability, utilization of net operating losses and tax credit carry forwards, changes in geographical mix of income and expense, and changes in management's assessment of matters, such as the ability to realize deferred tax assets. As a result of these considerations, we must estimate our income taxes in each of the jurisdictions in which we operate on a quarterly basis. This process involves estimating our actual current tax exposures, together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included in our combined balance sheet.

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 we intend 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 combined 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.

We are subject to income tax audits by various authorities in respect of prior periods that could result in additional tax expense in future periods. While the outcome of current outstanding actions and claims remains uncertain, it is expected that they will be resolved without a material impact to our financial position. However, there can be no assurances as to the final resolution of these matters and, if the final outcome is adverse to us, the amounts we will be required to pay and the loss of certain future tax deductions could be material to our financial statements.

Accounts Receivable

We evaluate the collectability of our trade 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.

Work In Progress

For revenue arrangements that are accounted for under the percentage of completion method as well as other arrangements and contracts which limit our ability to invoice at certain milestones that do not match the timing of the actual provision of the services, we record such revenue and the related unbilled receivable in work in process. Similar to accounts receivable, we constantly have to evaluate our ability to bill and subsequently collect any amounts contained in the work in progress accounts. We review these balances on a periodic basis to ensure customer balances are prudent based upon a variety of factors, such as the financial health of the customer, macroeconomic considerations and historical experience. If circumstances related to specific customers change, our estimates of the recoverability of work in progress may be further adjusted.

Provisions

A provision is recognized if, as a result of a past event, the Lumine Portfolio 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.

We are currently involved in various claims and legal proceedings. Quarterly, we review the status of each significant matter and assess our potential financial exposure. Because of the uncertainties related to these matters, provisions are based only on the best information available at the time. As additional information becomes available, we reassess the potential liability related to our pending claims and litigation and, if necessary, revise our provisions. Such revisions in the estimates of the potential liabilities could have a material impact on our results of operations and financial position.

Net Parent Equity

As at December 31, 2021, net parent equity totalled $173.1 million (December 31, 2020 - $147.1 million).

Risks and Uncertainties

See "*Risk Factors*" for a discussion of the risks affecting our business.

DIVIDEND POLICY

No cash dividends or distributions have been declared on the Preferred Shares, the Special Shares, the Subordinate Voting Shares or the Super Voting Share during the three most recently completed financial years and the current financial year.

Our ability to pay dividends on the Subordinate Voting Shares will be restricted by the preferential dividend entitlements of the holders of the Preferred Shares and the Special Shares, and we do not anticipate paying any cash dividends on the Subordinate Voting Shares until the Preferred Shares and the Special Shares are converted or redeemed in accordance with their terms.

See "*Description of Capital Structure – Subordinate Voting Shares and Super Voting Share*", "*Description of Capital Structure – Preferred Shares and Special Shares"* and "*Governance of the Company – Shareholders Agreement – Dividend Policy*".

DESCRIPTION OF CAPITAL STRUCTURE

The following describes the material terms of the capital structure of the Company after completion of the Pre-Closing Reorganization, the Spin-Out and the Acquisition.

The fundamental corporate law features of the capital structure of the Company will be set out in its constating documents, in accordance with the *Business Corporations Act* (Ontario). However, importantly, CSI, Trapeze and the Majority Rollover Shareholders (collectively, the "**Significant Shareholders**") have entered into a shareholders agreement (the "**Shareholders Agreement**") with the Company dated December 12, 2022. It is anticipated that the Minority Rollover Shareholders will become parties to the Shareholders Agreement, pursuant to joinders to be entered into in connection with the issuance of Special Shares to such Minority Rollover Shareholders. The Shareholders Agreement includes a number of contractual provisions which impact the exercise by the Significant Shareholders, the Minority Rollover Shareholders and the Company, as applicable, of certain rights and obligations. Investors seeking to understand the capital structure of the Company must also refer to the terms of the Shareholders Agreement.

The following description may not be complete, and is subject to, and qualified in its entirety by reference to, the terms and provisions of our constating documents, the Shareholders Agreement and other related agreements.

References to "fully-diluted" in this prospectus assume (i) the conversion of all Preferred Shares and Special Shares into Subordinate Voting Shares, (ii) any accrued but unpaid dividends on the Preferred Shares or Special Shares are paid in cash, and (iii) there are no further share issuances by the Company beyond those described in this prospectus. Unless otherwise indicated, references to "fully-diluted" exclude the conversion of the Super Voting Share into a Subordinate Voting Share. See "*Lumine Group Inc. – Overview*" for a simplified diagram of the Company's corporate structure and fully-diluted capital structure assuming the completion of each of the Pre-Closing Reorganization, the Spin-Out and the Acquisition.

Overview

The Company was incorporated under the *Business Corporations Act* (Ontario) on September 3, 2022. In connection with the Pre-Closing Reorganization, the Company and Lumine Holdings will undergo an amalgamation, with the resulting entity being an Ontario corporation called Lumine Group Inc.

The Company's authorized share capital consists of an unlimited number of Subordinate Voting Shares, one Super Voting Share, an unlimited number of Preferred Shares and an unlimited number of Special Shares (collectively, the "**Company Shares**").

After the completion of the Pre-Closing Reorganization, the Spin-Out and the Acquisition, there will be 63,582,712 Subordinate Voting Shares, one Super Voting Share, 63,582,712 Preferred Shares and 10,204,294 Special Shares outstanding.

Subordinate Voting Shares and Super Voting Share

The Super Voting Share carries a greater number of votes per share relative to the Subordinate Voting Shares (as well as relative to the Special Shares). Subordinate Voting Shares are therefore "restricted securities" within the meaning of such term under applicable Canadian securities laws. The Company is entitled to file this prospectus on the basis that it complies with Section 12.3(3)(b) of National Instrument 41-101 – *General Prospectus Requirements*, as it was a private issuer immediately before filing this prospectus.

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.

Voting

Holders of Subordinate Voting Shares and the Super Voting Share 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 are entitled to one vote 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. After giving effect to the Spin-Out, the Subordinate Voting Shares will collectively represent 86.1706072% of the total outstanding voting shares and 43.0% of the votes attached to all of the outstanding voting shares, and the Super Voting Share will represent 0.0000014% of the total outstanding voting shares and 50.1% of the votes attached to all of the outstanding voting shares.

Ranking and Priority

The Subordinate Voting Shares and the Super Voting Share will rank *pari passu*, share for share, with respect to the payment of dividends, return of capital and distribution of assets in the event of the liquidation, dissolution or winding-up of the Company. In the event of the liquidation, dissolution or winding-up of the Company or any other distribution of its assets among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary, the holders of the Subordinate Voting Shares and the Super Voting Share are entitled to participate equally in the remaining property and assets of the Company available for distribution to the holders of the Company Shares, without preference or distinction between the Subordinate Voting Shares and the Super Voting Share, subject to the rights of the holders of the Preferred Shares and the Special Shares.

Dividends

Holders of the Subordinate Voting Shares and the Super Voting Share are entitled to receive dividends on a *pari passu*, share for share, basis at such times and in such amounts as the Company's board of directors may from time to time determine, without preference or distinction between the Subordinate Voting Shares and the Super Voting Share, subject to the preferential rights of the holders of the Preferred Shares and the Special Shares.

Conversion

The Subordinate Voting Shares are not convertible into any other class of shares. The Super Voting Share may, at any time, at the option of the holder thereof, be converted into one Subordinate Voting Share. Immediately upon the Super Voting Share being held by or transferred to a person other than Trapeze (or a person who is wholly owned, directly or indirectly, by CSI), without any further action, such Super Voting Share will convert automatically into one Subordinate Voting Share. In addition, the Super Voting Share will convert automatically into a Subordinate Voting Share on the earlier of (i) the date on which CSI and its affiliates (including Trapeze) no longer hold, directly or indirectly, in the aggregate at least 15% of the outstanding Subordinate Voting Shares (calculated on a fully-diluted basis), and (ii) the date on which Trapeze sells or transfers the Super Voting Share to anyone other than a person who is wholly owned, directly or indirectly, by CSI.

Preferred Shares and Special Shares

Voting

Holders of Preferred Shares are not entitled (except as otherwise provided by law) to receive notice of, attend at, or vote at any meeting of Company Shareholders.

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. After giving effect to the Spin-Out, the Special Shares will collectively represent 13.8293914% of the total outstanding voting shares and 6.9% of the votes attached to all of the outstanding voting shares.

Ranking and Priority

The Preferred Shares and the Special Shares are entitled to priority over the Subordinate Voting Shares and Super Voting Shares and any other shares of the Company ranking junior to the Preferred Shares and the Special Shares with respect to priority in the payment of dividends, and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, and any other distribution of the assets of the Company among the Company Shareholders for the purpose of winding-up the Company's affairs (a "**Liquidation**").

In the event of a Liquidation, the holders of the Preferred Shares will be entitled to receive the greater of (i) $21.74 (the "**Initial Face Value**") for each Preferred Share held, plus all accrued but unpaid dividends accruing on the Preferred Shares, to the date before the date of the Liquidation, and (ii) the amount they would have received had the Preferred Shares been converted to Subordinate Voting Shares immediately prior to such Liquidation.

In the event of a Liquidation, the holders of the Special Shares will be entitled to receive the greater of (i) the sum of (A) the Initial Face Value for each Special Share held, plus all accrued but unpaid dividends accruing on the Special Shares, to the date before the date of the Liquidation, and (B) any assets distributed to the holders of the Special Shares, Subordinate Voting Shares and the Super Voting Share, participating equally after payment of the Initial Face Value for the Preferred Shares and Special Shares, such that the holder of the Special Shares receives, in addition to the Initial Face Value, for each Special Share held, an amount equal to the amount that a holder of one Subordinate Voting Share would receive upon any liquidation of the Company, as set forth above, and (ii) the amount they would have received had the Special Shares been converted to Subordinate Voting Shares immediately prior to such Liquidation.

Dividends

Holders of the Preferred Shares and the holders of the Special Shares are entitled to receive fixed preferential cumulative dividends at the rate of 5% per annum on the Initial Face Value. The Initial Face Value is based on the enterprise value of the Company, being $1.604 billion, which amount has been determined based on the purchase price of $490 million for the Target. No dividend will at any time be declared or paid on the Subordinate Voting Shares or the Super Voting Share, or on any other shares ranking junior to the Preferred Shares or the Special Shares, unless and until the accrued preferential cumulative dividends on all of the Preferred Shares and Special Shares outstanding have been declared and paid. In addition, no dividends will be paid on the Subordinate Voting Shares or the Super Voting Share for an amount that would cause the Company to not have sufficient net assets to effect the redemption of the Preferred Shares and Special Shares on a Mandatory Conversion (as defined below).

In addition to the foregoing, the holders of the Special Shares are entitled to receive dividends on a *pari passu*, share for share, basis at such times and in such amounts as the Company's board of directors may from time to time determine to declare dividends on the Subordinate Voting Shares, without preference or distinction between the Subordinate Voting Shares and the Special Shares, subject to the foregoing preferential rights of the holders of the Preferred Shares and the Special Shares.

In the event of the conversion or redemption of the Preferred Shares or the Special Shares (as described below), the holders of the Preferred Shares or the Special Shares, as applicable, will be entitled to receive all accrued but unpaid dividends accruing to the day before the applicable conversion or redemption date. Such accrued dividends will be paid in cash, or in certain circumstances at the option of the board of directors of the Company and subject to TSXV approval, by the issuance of Subordinate Voting Shares of equal value.

Conversion

Holders of the Preferred Shares are entitled to convert some or all of their Preferred Shares into Subordinate Voting Shares on the basis of 2.4302106 Subordinate Voting Shares per Preferred Share, at any time (the "**Preferred Share Conversion Right**"). Holders of the Special Shares are entitled to convert some or all of their Special Shares into Subordinate Voting Shares on the basis of 3.4302106 Subordinate Voting Shares per Special Share, at any time (the "**Special Share Conversion Right**").

Upon the exercise of the Preferred Share Conversion Right or the Special Share Conversion Right, the holders of the Preferred Shares or the Special Shares, as applicable, will be entitled to receive all accrued but unpaid dividends accruing 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 Preferred Shares or the Special Shares, as applicable, 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.

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 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.

Special 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 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.

Redemption 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 commences, 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 the Canadian dollar equivalent of $9.84 (the "**Target Price**"), 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.

The Company has provided an undertaking to the Ontario Securities Commission that it will not issue Special Shares under this prospectus that are "restricted securities" (as such term is defined in National Instrument 41-101 – *General Prospectus Requirements*), or that would result in the creation of restricted securities of the Company.

GOVERNANCE OF THE COMPANY

Shareholders Agreement

The Shareholders Agreement will create certain contractual obligations of the parties in respect of the governance of the Company.

The following is a summary of the material terms of the Shareholders Agreement. This summary is qualified in its entirety by reference to the provisions of that agreement, which will be filed with the Canadian securities regulatory authorities at www.sedar.com.

Unless otherwise indicated, references to "fully-diluted" in this section of the prospectus include the conversion of the Super Voting Share into a Subordinate Voting Share.

Board and Management

Composition of the Board and Management

The board of directors of the Company will consist of seven directors. Trapeze will have the right to nominate six of such individuals for so long as the Constellation Group holds a 25% fully-diluted interest in the Company, however Trapeze has delivered an undertaking to the TSXV that it will not exercise its nomination right in respect of two of such individuals, who will be independent according to the definition of "independence" set out in National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, for so long as Trapeze remains a control person of the Company (as such term is defined in the policies of the TSXV). The Majority Rollover Shareholders will have the right to nominate one of such individuals for so long as the Majority Rollover Shareholders hold a 4% fully-diluted interest in the Company. In addition, as long as the foregoing ownership interest is maintained by the Constellation Group, Trapeze will also have the right to appoint two observers to the board of directors of the Company.

Trapeze has agreed to exercise its voting rights in respect of the appointment and removal of members of the board of directors of the Company in such a way as to give effect to the nomination rights of the Majority Rollover Shareholders.

The board of directors of the Company will appoint David Nyland to serve as the Chief Executive Officer of the Company.

Mark Miller will serve as the Chairman of the board of directors of the Company.

Board Meetings and Approvals

A quorum for meetings of the board of directors of the Company will require the presence of at least 80% of the directors. If a quorum is not met, such meeting shall be re-scheduled for a time no later than 48 hours from the time of the original meeting and the quorum for such meeting shall be 50%.

Certain actions in respect of the Company require the unanimous consent of the board of directors of the Company, including a transfer of the Super Voting Share to a permitted holder, payment of fees by the Company Group to the Constellation Group in respect of services provided by the Constellation Group to the Company Group other than as set forth in the Services Agreement (defined below), any deviations from the dividend provisions in the Shareholders Agreement, any transfer by the holders of the Preferred Shares or the Special Shares other than as contemplated in the Shareholders Agreement, the issuance of additional equity interests of the Company for a period of five years from the date of the Shareholders Agreement and certain non-arm's length transactions among the Company and members of the Constellation Group, which are material and outside the ordinary course of business.

Certain actions in respect of the Company require the consent of a majority of the board of directors of the Company, including: the acquisition of companies or certain assets equal to or greater than $20 million per transaction; the disposition of certain companies or assets equal to or greater than $2 million; the entering into, or termination of existing, material joint ventures; investments in new business initiatives at costs that exceed $1 million; the termination of certain key personnel; the determination of remuneration of certain personnel; the termination of certain groups of personnel, or establishing new pension plans or granting new pension rights; subject to certain exceptions, the granting of certain security; other than in the ordinary course of business, the procurement of any performance, payment or warranty bonds of the Company with an annual value equal to or greater than $2 million, which have not been approved in advance by the CEO of the Company; subject to certain exceptions, the incurrence of debt or guarantees other than in the ordinary course of business; other than dividends paid by subsidiaries of the Company in the ordinary course of business, the declaration and payment of discretionary dividends; subject to certain exceptions, dealings with registered property that has a value in excess of $1 million; and lending or borrowing in excess of $100,000, other than in the ordinary course of business.

Special Shareholder Rights

For so long as Trapeze holds the Super Voting Share, the approval of the board of directors of CSI is required for any acquisition by the Company (other than pursuant to ordinary course commercial arrangements) that exceeds $100 million.

Dividend Policy

The ability of the board of directors of the Company to declare and pay dividends on the Subordinate Voting Shares and the Super Voting Share, will be restricted by the preferential dividend entitlements of the holders of the Preferred Shares and the Special Shares. It is anticipated that no cash dividends will be paid on the Subordinate Voting Shares or the Super Voting Share until the Preferred Shares or Special Shares are converted or redeemed in accordance with their terms.

Restrictions on Exercise

The Shareholders Agreement contains a number of contractual provisions which impact the exercise by the holders and the Company, as applicable, of the conversion and redemption rights applicable to the Preferred Shares and the Special Shares.

See "*Description of Capital Structure – Preferred Shares and Special Shares*".

Restrictive Covenants

There are transfer restrictions that apply in respect of the Preferred Shares and the Special Shares, with certain limited permitted transfer rights.

Trapeze and CSI have agreed that, in the event CSI repurchases or otherwise reacquires equity of the Company Group, the members of the Rollover Shareholder Group (and certain permitted transferees) who continue to hold either Special Shares or Subordinate Voting Shares will not, subject to applicable law, be required to participate in such sale, provided that if such participation is required by applicable law or the applicable transaction would result in a de-listing of the Company, then such members of the Rollover Shareholder Group (and certain permitted transferees) will, to the extent possible, have the option to receive common shares of CSI of equivalent value as consideration for such sale in lieu of cash, and on a tax-deferred basis.

Additional Provisions

The Shareholders Agreement terminates upon the first to occur of (i) if at any time prior to the Acquisition Closing, the Merger Agreement is terminated, (ii) at any time, upon the written agreement of each of the Company, CSI, Trapeze and the Majority Rollover Shareholders representing a majority of all of the Majority Rollover Shareholders, (iii) at any time following the Acquisition Closing, if each of Trapeze (or its permitted transferees), and the Majority Rollover Shareholders case to hold any securities of the Company and no Special Shares remain outstanding, (iv) only in respect of the rights of Trapeze pursuant to the Super Voting Share, once the Constellation Group no longer owns at least 15% of the Subordinate Voting Shares, calculated on a fully-diluted basis, and (v) at any time following the Acquisition Closing, only in respect of the rights of the Majority Rollover Shareholders, on the first date on which the Majority Rollover Shareholders cease to own at least 4% of the Subordinate Voting Shares, calculated on a fully-diluted basis.

Prior to the Acquisition Closing, amendments to the Shareholders Agreement generally require the consent of the Company, CSI and the Significant Shareholders. Following the Acquisition Closing, amendments to the Shareholders Agreement require the approval of the Company, CSI, Trapeze and for so long as the Majority Rollover Shareholders collectively hold 4% of the Subordinate Voting Shares, calculated on a fully-diluted basis, the Majority Rollover Shareholders, and any amendment or waiver to the Shareholders Agreement that disproportionately affects the Majority Rollover Shareholders, will require the consent of holders of a majority of the Company Shares, calculated on a fully-diluted basis, held by the Majority Rollover Shareholders.

The Shareholders Agreement is governed by and will be construed in accordance with the laws of the Province of Ontario.

Allocation of Acquisition Opportunities

The parties to the Shareholders Agreement have agreed that the Constellation Group will continue to consider possible acquisition opportunities in the ordinary course of its business and may, from time to time, recommend or allocate such acquisition opportunities to the Company. CSI will have discretion to determine the suitability of such opportunities for the Company and to allocate such opportunities among the Company or other operating groups within CSI as it deems appropriate.

The question of whether a particular acquisition opportunity is suitable or appropriate for the Company is highly subjective and will be made at CSI's discretion based on various factors. If CSI determines that an acquisition opportunity is not suitable or appropriate for the Company, CSI or one of CSI's operating groups may still pursue such opportunity.

Disclosure, Confidentiality and Insider Trading Policy

The Company has established a disclosure, confidentiality and insider trading policy (the "**Policy**"). The Policy includes a "blackout" period that prevents trading in the Company's securities from the period beginning on the 15th day of the last month of each fiscal quarter and ending on the third business day following the release of the Company's quarterly financial results. The Policy restricts the purchase, sale, or other monetization of securities of the Company during blackout periods or when such persons have material undisclosed information.

Services Agreement

In connection with the closing of the Spin-Out, the Company and Volaris will enter into a management and consulting services agreement (the "**Services Agreement**"). Pursuant to the Services Agreement, the Company will pay to CSI and Volaris, a monthly fee. In exchange for such fee, CSI and Volaris will provide business, financial advisory, legal, tax and strategy services, including acquisition intelligence and benchmarking services, financial systems support, best practices sharing, and such other services as may be agreed by the parties.

PRE-CLOSING REORGANIZATION

Prior to the closing of the Spin-Out, the Company and certain other subsidiaries of CSI will enter into a series of transactions (the "**Pre-Closing Reorganization**"), which includes the following steps:

(1) the Lumine Portfolio will, to the extent not already owned directly or indirectly by Lumine Holdings, be consolidated, with Lumine Holdings as the parent holding company for the Lumine Portfolio (with the parent holding company of the Lumine Portfolio becoming the Company after the completion of the amalgamation referred to below);

(2) the Company will reorganize its share capital to create the Super Voting Share, the Subordinate Voting Shares, the Preferred Shares and the Special Shares, and will reclassify the common share that was issued to Trapeze in connection with the incorporation of the Company as the Super Voting Share;

(3) the Company will issue the Spin-Out Shares and Preferred Shares to Trapeze in exchange for the transfer by Trapeze to the Company of the preferred shares and common shares of Lumine Holdings held by Trapeze;

(4) the Company will amalgamate with Lumine Holdings, with the resulting entity being an Ontario corporation called Lumine Group Inc.; and

(5) Trapeze will distribute the Spin-Out Shares to Volaris as a dividend-in-kind, and Volaris will in turn distribute the Spin-Out Shares to CSI as a dividend-in-kind.

THE SPIN-OUT

Rationale for the Spin-Out

Ultimately, CSI believes that the Company will grow faster, and perform better, as an independent public company than it would within the CSI group of companies. Although the Company will operate on a standalone basis, it will continue to benefit from the application of CSI best practices.

Mechanics of the Dividend and Retained Interest of CSI

Pursuant to the Pre-Closing Reorganization, the Company will issue the Spin-Out Shares to CSI indirectly. To complete the Spin-Out, CSI will distribute, as a special dividend, all of the Subordinate Voting Shares (subject to rounding down to eliminate fractional shares) to CSI Shareholders as of the Record Date at a ratio of 3.0003833 Spin-Out Shares for every one CSI Common Share. Fractional shares will not be issued. The number of Spin-Out Shares to be distributed to a CSI Shareholder will be rounded down to the nearest whole number of Spin-Out Shares. See *"Pre-Closing Reorganization*".

The Spin-Out Shares will constitute a dividend for Canadian federal income tax purposes equal to the fair market value at the time of the Spin-Out of the Spin-Out Shares so distributed. CSI will indirectly own Preferred Shares of the Company that will have a cumulative dividend entitlement of 5% and a redemption amount equal to the fair market value of the Business at the time of the Dividend. CSI will have the right to cause the redemption of those Preferred Shares at the redemption amount at any time, subject to certain conditions. As a result, the Spin-Out Shares are expected to have a nominal fair market value at the time of the Dividend. See "*Certain Canadian Federal Income Tax Considerations*" for a more detailed discussion.

Registration

Direct Registration System

The Company has elected to use the Direct Registration System ("**DRS**") instead of sending out traditional paper certificates. DRS is a way of recording security ownership without the need to issue a physical paper stock certificate. Securities held in DRS have all of the traditional rights and privileges as securities held in certificate form. The Spin-Out Shares will be issued in book-entry form to (i) each CSI Shareholder in book-entry form as of the Record Date, and (ii) each holder who holds CSI Common Shares in definitive certificate form as of the Record Date, and in each case, the Spin-Out Shares will be reflected in a DRS advice which will be sent to the registered holder by mail, and which will confirm the number of Spin-Out Shares the registered holder holds in book-entry form.

CDS Clearing and Depositary Services Inc.

In many cases, the CSI Common Shares are beneficially owned by a holder in the name of a clearing agency such as CDS Clearing and Depositary Services Inc. ("**CDS**") of which an intermediary (such as a bank, trust company, securities dealer or broker) is a Participant. The Spin-Out Shares to be issued to CDS will be issued to CDS in electronic form.

Beneficial interests in the Spin-Out Shares, constituting ownership thereof by such beneficial holders, may be represented through accounts of institutions acting on behalf of beneficial owners, as direct and indirect Participants of CDS. Each holder of Spin-Out Shares issued to a Participant is expected to receive a customer confirmation from their respective Participant in accordance with the practices and procedures of the Participants.

Transfers of beneficial ownership in Spin-Out Shares will be effected through records maintained by CDS for such Spin-Out Shares (with respect to interests of Participants) and on the records of Participants (with respect to interests of persons other than Participants). Unless Definitive Certificates are prepared and delivered, beneficial owners who are not Participants in CDS's system, but who desire to purchase, sell or otherwise transfer ownership of an interest represented in DRS, may do so only through Participants in CDS's system.

The Company does not and will not have any liability for (i) the records maintained by CDS relating to beneficial interests or the book-entry accounts maintained by CDS, (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests, or (iii) any advice or representation made or given by CDS or made or given herein with respect to the rules and regulations of CDS or any action to be taken by CDS or at the direction of its Participants.

Definitive Certificates

The ability of a registered or beneficial owner of an interest in the Spin-Out Shares to take certain actions with respect to the Spin-Out Shares may be limited due to the lack of a physical certificate. If a registered or beneficial owner of an interest in the Spin-Out Shares wishes to receive a physical certificate, they should contact the Company's transfer agent and registrar for the Spin-Out Shares: Computershare Investor Services Inc. at its principal transfer office in Toronto, Ontario.

Registered holders of a physical certificate may transfer such Spin-Out Shares upon the payment of taxes or other charges incidental thereto, if any, by executing and delivering a form of transfer together with the Spin-Out Shares to the registrar (or such other person as may be designated by the Company) for the Company at its principal office in the City of Toronto, or such other city or cities as may from time to time be designated by the Company, whereupon new Spin-Out Shares will be issued in authorized denominations in the same aggregate amount as the Spin-Out Shares so transferred, registered in the names of the transferees.

Qualification of the Spin-Out Shares

This prospectus qualifies the distribution of the Spin-Out Shares forming the Dividend. The Spin-Out Shares to be distributed under this Canadian prospectus may not be offered or sold in the United States by holders thereof unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

ACQUISITION OF THE TARGET

Overview

On December 12, 2022, Lumine Holdings, a subsidiary of Trapeze, entered into an agreement and plan of merger (the "**Merger Agreement**") with Yellowstone Merger Sub 1 Inc. ("**Merger Sub 1**"), Yellowstone Merger Sub 2 Inc. ("**Merger Sub 2**" and together with Merger Sub 1, the "**Merger Subs**"), the Target, Fortis Advisors LLC as the seller representative and CSI. The Target is a US-based media vertical market software provider. In connection with the Pre-Closing Reorganization, Lumine Holdings will amalgamate with the Company prior to the completion of the Acquisition, and therefore the Company will become a party to the Merger Agreement as the successor entity to Lumine Holdings. In this section, reference to the Company means Lumine Group (Holdings) Inc. or Lumine Group Inc., as the context requires.

The following is a summary of the material terms of the Merger Agreement.

Purchase Price

The purchase price for the Target is $490 million, subject to ordinary course purchase price adjustments including in respect of indebtedness and transaction expenses. The purchase price was determined using a discounted cashflow methodology. As is the case for many software companies, the future cash flows of the Target are primarily associated with developed intellectual property rather than the Target's tangible assets. The parties to the Merger Agreement have agreed that the purchase price will be satisfied, via part cash consideration and part equity consideration, resulting in the Company (or its designated affiliate) paying at least $181 million on the Acquisition Closing Date in cash, subject to escrow adjustments, with up to $222 million purchase price to be satisfied through the issuance of Special Shares to the Rollover Shareholder Group. In addition, the Company (or its designated affiliate) will satisfy any indebtedness of the Target, estimated to be $87 million after netting excess cash at time of Acquisition Closing and proceeds from the exercise of options and restricted stock units.

Pursuant to the Merger Agreement, $10 million of the cash consideration will be paid by the Company to an escrow agent, and $100,000 of the cash consideration will be paid by the Company as an expense fund for the seller representative. The escrow funds will be used to satisfy ordinary course post-closing purchase price adjustments, up to the amount of the escrow funds by releasing such funds to the Company, with any remaining escrow funds to be released to the stockholders of the Target in accordance with their pro-rata pre-closing interest in the Target, following the post-closing purchase price adjustment settlement period. It is anticipated that the post-closing purchase price adjustment will be resolved within 60 days of the Acquisition Closing Date. The expense funds will be used to satisfy ordinary course fees and expenses of the seller representative.

Acquisition Structure and Rollover

Certain eligible securityholders of the Target, including Eric Mathewson, have, concurrently with the execution and delivery of the Merger Agreement, entered into rollover agreements with the Company, and certain additional eligible securityholders of the Target may, prior to January 17, 2023, elect to enter into such agreements (collectively, the "**Rollover Agreements**"). Pursuant to the Rollover Agreements such securityholders of the Target will receive Special Shares in exchange for their securities in the Target (the "**Rollovers**"). Pursuant to the terms of the Merger Agreement, the maximum amount of the Rollovers is capped at $222 million, meaning that in the event of oversubscription from eligible securityholders, each participant's rollover amount will be reduced proportionately in accordance with such participant's pre-closing interest in the Target.

Pursuant to the Merger Agreement and the Rollover Agreements, the parties to those agreements will effect a series of transactions, pursuant to which: (i) the members of the Rollover Shareholder Group will contribute some or all of their stock (as applicable) in the Target, to Merger Sub 1, in exchange for the issuance and delivery by the Company of the applicable number of Special Shares, and in consideration for the issuance and delivery by the Company of the Special Shares, Merger Sub 1 will issue common stock to the Company; (ii) Merger Sub 1 will merge with and into the Target in accordance with the Merger Agreement and the General Corporation Law of the State of Delaware (the "**First Merger**"), with the Target surviving the First Merger as a wholly-owned subsidiary of the Company; (iii) the stockholders of the Target who have not entered into Rollover Agreements in respect of some or all of their stock in the Target (the "**Non-Rolling Shareholder Group**"), will, subject to the exercise of rights of appraisal under applicable law, receive cash in exchange for their stock of the Target; and (iv) the Target will merge with and into Merger Sub 2, a newly formed entity, in accordance with the Merger Agreement and the General Corporation Law of the State of Delaware (the "**Second Merger**") with Merger Sub 2 surviving the Second Merger as a wholly-owned subsidiary of the Company. Following the completion of the foregoing, the Company will transfer Merger Sub 2 to Lumine Group US Holdco Inc. in exchange for additional common shares of Lumine Group US Holdco Inc.

All stock options and restricted stock units of the Target that are not exchanged for Special Shares pursuant to Rollover Agreements will be paid out in connection with the Acquisition. All unexercised warrants of the Target will be paid out in connection with the Acquisition.

As a result of the foregoing transactions, the successor to the Target will be wholly-owned by the Company (through the Company's ownership of Lumine Group US Holdco Inc.), and the Rollover Shareholder Group will collectively own up to a 13.83% interest in the Company, through Special Shares which are convertible into Subordinate Voting Shares. See "*Description of Capital Structure – Preferred Shares and Special Shares*".

Any Target stockholder who is entitled to demand, and properly demands appraisal of its stock, and who complies with applicable law, will not be entitled to receive consideration for such stock, and will instead be entitled to receive fair value for its shares, as determined in accordance with applicable law.

Stockholder Approval

The Acquisition Closing requires the approval of the stockholders of the Target holding a majority of the Target's common stock and is subject to a condition to closing in favour of the Company (which can be waived by the Company), pursuant to which the Target must obtain the approval of stockholders of the Target holding 95% of the Target's common stock. As of the date of this prospectus, approval of stockholders of the Target holding 58% of the Target's common stock had been received, or committed.

Representations and Warranties and Indemnification

The Merger Agreement includes representations and warranties of each of the Company and the Target, as are customary for transactions of this nature.

The representations and warranties of the Target do not generally survive the Acquisition Closing, and generally speaking**,** the Company's sole recourse for discovery of breaches of representations and warranties of the Target post-closing, will be to a representation and warranty insurance policy procured by the Company prior to the Acquisition Closing.

Covenants

The Merger Agreement provides that prior to the Acquisition Closing, the Target will (among other things) (i) operate its business in the ordinary course, consistent with past practices, except as otherwise expressly set forth in the Merger Agreement, use its commercially reasonable efforts to maintain the goodwill of its and its subsidiaries, executive officers and other key employees, key customers, advertisers, suppliers, publishers and developers and seek the prior written consent of the Company prior to undertaking specific actions, (ii) deal exclusively with the Company in respect of a transaction involving the Target and not solicit or engage in discussions for a competing transaction, (iii) pursue certain third party approvals and consents, including those required by anti-trust laws, (iv) facilitate the Company receiving a final receipt for the final prospectus of the Company from the Ontario Securities Commission in a timely manner, and (v) pursue certain opinions of experts.

The Merger Agreement provides that prior to the Acquisition Closing, the Company will (among other things) (i) comply in all material respects with the Pre-Closing Reorganization, (ii) keep the Target apprised of certain matters related to the Pre-Closing Reorganization, and the pursuant of the final receipt for the final prospectus of the Company from the Ontario Securities Commission, and (iii) pursue certain third party approvals and consents, including those required by anti-trust laws, the TSX-V and the Ontario Securities Commission. The Merger Agreement also provides that the Company will use reasonable best efforts following the Acquisition Closing to ensure that the Listing and Trading of the Spin-Out Shares occurs no later than 30 days after the effective time of the distribution of the Spin-Out Shares.

The Merger Agreement provides that in connection with the Acquisition Closing, the stockholders of the Target will (i) release the Target and its affiliates from certain claims, and (ii) maintain the confidence of the Target's confidential information.

Conditions to Closing

The obligation of the Company to complete the Acquisition Closing is conditional upon certain conditions to closing being satisfied including but not limited to (i) a bring-down of the Target's representations and warranties, (ii) material compliance with the obligations of the Target under the Merger Agreement, receipt of resignations from officers and directors of the Target and its subsidiaries, (iii) no material adverse effect having occurred in respect of the Target since the date of the Merger Agreement, (iv) receipt of certain deliverables, and (v) receipt of approval by the stockholders of the Target as described above.

The obligation of the Target to complete the Acquisition Closing is conditional upon certain conditions to closing being satisfied including (i) a bring-down of the Company's representations and warranties, (ii) material compliance with the obligations of the Company under the Merger Agreement, and (iii) receipt of certain deliverables, including certain opinions of certain experts.

The obligation of the Company and the Target to complete the Acquisition Closing is conditional upon certain conditions to closing being satisfied including but not limited to (i) there being no law which prohibits consummation of the transactions contemplated by the Merger Agreement, (ii) expiration of all applicable waiting periods under anti-trust law, or receipt of the requisite approvals under anti-trust law, (iii) receipt by the Company of a receipt for the final prospectus of the Company from the Ontario Securities Commission, (iv) declaration of the Spin-Out Dividend, (v) receipt by the Company of conditional approval or authorization of trading by the TSXV of the Subordinate Voting Shares, and (vi) completion of the consolidation of the Lumine Portfolio.

Additional Provisions

The Acquisition Closing is expected to occur shortly before the distribution of the Spin-Out Shares.

The Merger Agreement is governed by the laws of the State of Delaware.

CONSOLIDATED CAPITALIZATION

The following table sets forth capitalization of the Lumine Portfolio as at September 30, 2022, and on a pro forma basis assuming the completion of the Spin-Out and the Acquisition.

(in $millions)	**As at September 30, 2022**	**As at September 30, 2022, assuming completion of the Spin-Out and the Acquisition**	
Current Liabilities:			
Term loans and credit facility	-	-	
Preferred and special shares liability	-	1,604	(1)
Other current liabilities	118	160	
Non-current Liabilities:			
Term loan	-	-	
Due to related parties	-	94	(2)
Other non-current liabilities	46	200	
Shareholder's Equity:			
Share Capital	165	165	
Other equity	-	(1,201)	(3)
Accumulated and other comprehensive income (loss)	(19)	(19)	
Retained Earnings	21	11	

(1) Reflects the fair value of the Preferred Shares and Special Shares to be issued in conjunction with the Pre-Closing Reorganization and the Acquisition.
(2) Reflects the additional financing expected from CSI or its affiliates to extinguish the Target's pre-acquisition debt.
(3) Reflects the expected decrease in the share capital resulting from the issuance of Preferred Shares and Special Shares issued in conjunction with the Pre-Closing Reorganization and the Acquisition.

OPTIONS TO PURCHASE SECURITIES

None of the executive officers, directors or employees of the Company or any of its subsidiaries have options to purchase any securities of the Company or any of the securities of any of its subsidiaries.

PRIOR SALES

No Subordinate Voting Shares or securities convertible into Subordinate Voting Shares have been issued during the twelve month period prior to the date of this prospectus. The following table sets forth the details regarding the Subordinate Voting Shares, or securities convertible into Subordinate Voting Shares, to be issued in connection with the Pre-Closing Reorganization and the Acquisition:

Security Issued	**Number of Securities Issued**
Special Shares[(1)]	10,204,294
Subordinate Voting Shares[(2)]	63,582,712
Super Voting Share[(3)]	1
Preferred Shares[(4)]	63,582,712

(1) Reflects the Special Shares issued to the Rollover Shareholder Group in connection with the Acquisition.
(2) Reflects the Subordinate Voting Shares issued indirectly to CSI in connection with the Pre-Closing Reorganization.
(3) Reflects the Super Voting Share issued to Trapeze, an indirect wholly-owned subsidiary of CSI, in connection with the Pre-Closing Reorganization.
(4) Reflects the Preferred Shares issued indirectly to Trapeze, an indirect wholly-owned subsidiary of CSI, in connection with the Pre-Closing Reorganization.

ESCROWED SECURITIES[(1)]

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class
Subordinate Voting Shares[(2)]	A nominal number	Less than 1%
Super Voting Share[(3)]	1	100%
Preferred Shares[(4)]	63,582,712	100%

(1) In accordance with National Policy 46-201 – *Escrow for Initial Public Offerings* ("**NP 46-201**"), all Subordinate Voting Shares and securities convertible or exchangeable into Subordinate Voting Shares, which are owned or controlled by principals will be escrowed at the time of the Company's initial public offering. In accordance with applicable securities legislation, CSI or Trapeze, as principal, as applicable, will enter an escrow agreement substantially in the form of Form 46-201F1 – *Escrow Agreement* with Computershare Investor Services Inc. in respect of its escrowed securities and such escrowed securities will be released according to the following schedule: (i) on Listing 1/4 of the escrowed securities will be released, (ii) six months after Listing 1/3 of the remaining escrowed securities will be released, (iii) 12 months after Listing 1/2 of the remaining escrowed securities will be released, and (iv) 18 months after Listing the remaining escrowed securities will be released.

(2) CSI will be the holder of a nominal number of Subordinate Voting Shares (as fractional shares will not be distributed to CSI Shareholders pursuant to the Dividend).

(3) CSI will be the indirect holder of all of the Super Voting Shares, being a single Super Voting Share through Trapeze, an indirect wholly-owned subsidiary. If the Super Voting Share is transferred by CSI (other than to a wholly-owned subsidiary of CSI), CSI will be automatically deemed to have converted such Super Voting Share into a Subordinate Voting Share.

(4) CSI will be the indirect holder of all of the Preferred Shares through Trapeze, an indirect wholly-owned subsidiary.

PRINCIPAL AND SELLING SHAREHOLDERS

CSI will receive 63,582,712 Subordinate Voting Shares (being 100% of the Subordinate Voting Shares issued and outstanding at such time) in connection with the Pre-Closing Reorganization, which will be distributed to the CSI Shareholders (subject to rounding down to eliminate fractional shares) on a pro-rata basis by way of the Dividend after the Acquisition Closing. See "*Prior Sales*".

The following table shows the name and information about our securities directly or indirectly beneficially owned by each person or company who, immediately following the Acquisition Closing, will own of record, or who, to our knowledge, will own beneficially, directly or indirectly, more than 10% of any class or series of our voting securities.

Name	Number and Class of Shares Owned	Type of Ownership	Percentage of Class of Shares Owned	Percentage of Total Voting Rights
Constellation Software Inc.[(1)(2)]	1 Super Voting Share	Beneficial	100	50.1[(3)]
Majority Rollover Shareholders[(4)]…...	8,592,651 Special Shares[(4)]	Beneficial	84[(4)]	5-6[(4)]

(1) Constellation Software Inc. is a TSX-listed corporation located at 20 Adelaide Street East, Suite 1200, Toronto, Ontario, M5C 2T6 and holds the Super Voting Share indirectly through Trapeze, an indirect wholly-owned subsidiary.

(2) Following the conversion of all of the Preferred Shares that are held indirectly by Constellation Software Inc. into Subordinate Voting Shares, Constellation Software Inc. will indirectly hold 154,519,381 Subordinate Voting Shares, representing 61.05% of the Subordinate Voting Shares on a fully-diluted basis.

(3) Following the conversion of all of the Preferred Shares that are indirectly held by Constellation Software Inc. into Subordinate Voting Shares, Constellation Software Inc. will indirectly hold 80.56% of the total voting rights on a fully-diluted basis.

(4) It is anticipated that the Majority Rollover Shareholders will hold approximately 8,592,651 Special Shares. Following the conversion of all of the Special Shares that are held by the Majority Rollover Shareholders to Subordinate Voting Shares, the Majority Rollover Shareholders will hold approximately 29 million Subordinate Voting Shares, representing approximately 11-12% of the Subordinate Voting Shares and approximately 5-6% of the total voting rights on a fully-diluted basis. The Majority Rollover Shareholders are controlled by or affiliated with Eric Mathewson (located at 1160 Battery Street, Suite 300, San Francisco, CA 94111).

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets out, for each of our directors and executive officers, the person's name, municipality of residence, position(s) with the Company, principal occupation and, if a director, the year in which the person became a director. Our directors are elected annually and, unless re-elected, retire from office at the end of the next annual general meeting of shareholders. Following the completion of the Spin-Out and the Acquisition, our directors and executive officers (as a group) are expected to own, or exert direction or control over, a total of 922,243 Subordinate Voting Shares (representing 1.45% of the issued and outstanding Subordinate Voting Shares and 0.36% of the Subordinate Voting Shares on a fully-diluted basis) and 8,592,651 Special Shares (representing 84.21% of the issued and outstanding Special Shares and 11.65% of the Subordinate Voting Shares on a fully-diluted basis).

Name and Place of Residence	Position(s) with Lumine Group Inc.	Principal Occupation	Director Since	Subordinate Voting Shares Beneficially Held or Over Which Control is Exercised	Special Shares Beneficially Held or Over Which Control is Exercised
MARK MILLER[(1)] TORONTO, ONTARIO CANADA	Director, Chairman of the Board, and Chair of CNHR Committee	Chief Executive Officer, Volaris Operating Group and Trapeze Operating Group of CSI and Chief Operating Officer, CSI	2022	837,728 (1.32%)	0 (0.00%)
BRIAN BEATTIE[(2)] TORONTO, ONTARIO CANADA	Director and Chief Financial Officer	Chief Financial Officer, Volaris Operating Group	2022	66,548 (0.10%)	0 (0.00%)
DAVID NYLAND LYNDHURST, ONTARIO CANADA	Director and Chief Executive Officer	Chief Executive Officer, Lumine Group Inc.	2022	8,420 (0.01%)	0 (0.00%)
ROBIN VAN POELJE BLARICUM, THE NETHERLANDS	Director	Director, Chairman of the Board, and Chief Executive Officer, Topicus.com Inc.	2022	9,478 (0.01%)	0 (0.00%)
LUCIE LAPLANTE[(1)(2)(3)] BLOOMFIELD, ONTARIO CANADA	Director and Chair of Audit Committee	Chief Financial Officer, Allstream	N/A	39 (0.00%)	0 (0.00%)
PAUL COWLING[(1)(2)(3)] TORONTO, ONTARIO CANADA	Director	Senior Vice-President, General Counsel & Regulatory Affairs, Shaw Communications Inc.	N/A	0 (0.00%)	0 (0.00%)
ERIC MATHEWSON[(4)] SAN FRANCISCO, USA	Director	Chief Executive Officer, WideOrbit Inc.	N/A	30 (0.00%)	8,592,651 (84.21%)[(5)]
				922,243 (1.45)%	8,592,651 (84.21%)[(5)]

(1) Member of the CNHR Committee.
(2) Member of the Audit Committee.
(3) Will join the Company's board of directors immediately following the filing of this prospectus. Accordingly, the Company does not believe Ms. Laplante and Mr. Cowling are liable under this prospectus.
(4) Will join the Company's board of directors immediately following the Acquisition Closing. Accordingly, the Company does not believe Mr. Mathewson is liable under this prospectus.
(5) It is anticipated that the Majority Rollover Shareholders will hold approximately 8,592,651 Special Shares. Following the conversion of all of the Special Shares that are held by the Majority Rollover Shareholders to Subordinate Voting Shares, the Majority Rollover Shareholders will hold approximately 29 million Subordinate Voting Shares (representing approximately 11-12% of the Subordinate Voting Shares and approximately 5-6% of the total voting rights on a fully-diluted basis). The Majority Rollover Shareholders are controlled by or affiliated with Eric Mathewson.

Biographies

The following are brief profiles of our executive officers and directors, including a description of each individual's principal occupation within the past five years.

Mark Miller – Director, Chairman of the Board, and Chair of CNHR Committee

Mr. Miller has been with CSI, holding positions with it and its subsidiaries for over 20 years. Mr. Miller currently spends the majority of his time as the Chief Executive Officer of the Volaris Operating Group and Trapeze Operating Group of CSI, but also acts as CSI's Chief Operating Officer. Mr. Miller received a B.Sc. in Statistics and a B.Sc. in Mathematics from McMaster University in Hamilton, Ontario. Mr. Miller is also on the Board of Directors of Medgate Inc. and pVelocity Inc., two private software companies both headquartered in Toronto, Ontario. Mr. Miller is also on the board of Computer Modelling Group Ltd. (TSX listed).

Brian Beattie – Director and Chief Financial Officer

Mr. Beattie joined CSI in 2005 and is currently the Chief Financial Officer of the Volaris Operating Group. Before joining CSI, Mr. Beattie was Chief Financial Officer of two high growth software companies: Immersion Studios and adbeast. Prior to that Mr. Beattie had senior finance positions at two telecommunications companies, Norigen Communications and Rogers Communications. He started his career at KPMG and is a Chartered Professional Accountant. Mr. Beattie is a member of the board of directors of Pivotree Inc. (TSXV listed) where he is the chair of the audit committee. He also sits on the advisory board of Stack Capital Group Inc. (TSX listed).

David Nyland – Director and Chief Executive Officer

Mr. Nyland joined the Volaris Operating Group in 2014 to found and build a Communications and Media business. Since then, he has personally overseen the sourcing, closing and integration of 23 Communications and Media acquisitions. Before joining CSI, Mr. Nyland was the Chief Executive Officer of two companies: NBS Technologies (TSX listed), and Blueprint Software Systems (venture capital funded). Prior to that, Mr. Nyland had Chief Operating Officer roles at two venture capital funded high growth telecommunications software businesses, Architel Systems (TSX listed), now owned by Oracle, and Syndesis, now owned by Netcracker (an NEC company).

Robin van Poelje – Director

Mr. van Poelje has been with CSI since January 2014 when CSI acquired Total Specific Solutions (TSS) B.V. From January 2010 to 2020, Mr. van Poelje had been the Chief Executive Officer of Total Specific Solutions (TSS) B.V., based in the Netherlands. Mr. Van Poelje is now the Chairman and Chief Executive Officer of Topicus.com Inc. Mr. van Poelje holds a Msc. In Economics from the University of Groningen, the Netherlands and is a post graduate in Marketing and Strategy from École Supérieure de Commerce de Montpellier, France.

Eric Mathewson – Director

Mr. Mathewson will join the board of directors of the Company following the Acquisition Closing. Mr. Mathewson founded the Target in 1999 after realizing that there was an opportunity to dramatically streamline and automate the buying and selling of media. Prior to founding the Target, Mr. Mathewson worked at Montgomery Securities in San Francisco and New York, managing portfolios for wealthy technologists as well as Kidder Peabody in Palo Alto, primarily focused on Equity Derivatives. Mr. Mathewson has been an active private equity technology investor since 1994 and, prior to the Acquisition Closing, had controlling ownership of the Target. The Target serves as the System of Record for more than 5,000 stations and cable networks worldwide processing more than $35 billion in advertising revenue annually.

Lucie Laplante – Director and Chair of Audit Committee

Ms. Laplante will join the board of directors of the Company as an independent director and Chair of the Audit Committee following the filing of this prospectus. Ms. Laplante currently works as the Chief Financial Officer for Allstream, a position she has held since 2021. Prior to Allstream, Ms. Laplante was the Chief Financial Officer for Norton Rose Fulbright Canada LLP (2017-2021), and the Senior Vice President of Finance at D+H Corporation (2015-2017). Prior to D+H, Ms. Laplante had senior finance positions in four telecommunications and media companies, Rogers Communications, The Globe and Mail, CTV Television, and Business News Network. She started her career at Nortel Networks, holds Bachelor of Commerce from the University of Montreal, and is a Chartered

Professional Accountant. Ms. Laplante is a member of the board of directors of OntarioMD and served as the Chair of the Audit and Investment Committee for CANARIE (2013-2018).

Paul Cowling – Director

Mr. Cowling will join the board of directors of the Company as an independent director following the filing of this prospectus. Mr. Cowling currently holds the position of Senior Vice President, General Counsel & Regulatory Affairs at Shaw Communications Inc., a position he has held since 2019. Prior to commencing his current role, Mr. Cowling held various senior positions within Shaw Communications. Prior to Shaw Communications, Mr. Cowling was a lawyer at Torys LLP (2001-2011) and legal counsel for the Canadian Radio-television and Telecommunications Commission (CRTC) (2005). Mr. Cowling holds a Bachelor of Arts from McGill University, a JD, Law from the University of Toronto, and an LLM, Law from Columbia Law School. Mr. Cowling is a member of the board of directors for the Canadian Wireless Telecommunications Association and the Vice Chair of the 5G Canada Council, positions he has held since 2017. He also previously served on the board of directors for the Canadian Association of Broadcasters (2014-2016).

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

None of the Company's directors or executive officers are, as at the date of this prospectus, or have been within ten years before the date of this prospectus, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or
- was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of this section, "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days.

None of the Company's directors, executive officers or shareholders holding a sufficient number of the Company's securities to materially affect the control of the Company:

- is, as at the date of this prospectus, or has been within the ten years before the date of this prospectus, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets,
- has, within the ten years before the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder,
- has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or
- has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Certain directors and officers of the Company are also directors and/or officers of CSI and/or its affiliates. As such, potential conflicts of interest could arise between the Company and its directors and officers from time to time, including in respect of matters related to the Shareholders Agreement and the Services Agreement to which CSI and/or its affiliates are a party. If any such material conflicts of interest arise, they will be handled in accordance with the process described under the heading "Ethical Business Conduct" in Appendix B.

Committees of the Board of Directors

The Company's board of directors has an audit committee and a compensation, nominating and human resources committee.

Audit Committee

The Audit Committee assists the Company's board of directors in fulfilling its responsibilities for oversight and supervision of financial and accounting matters. The committee supervises the adequacy of internal accounting controls and financial reporting practices and procedures and the quality and integrity of audited and unaudited financial statements, including through discussions with external auditors. The committee reviews business plans and operating and capital budgets. The committee is responsible for ensuring efficient and effective assessment of management of risk throughout our organization. The Audit Committee will comply with all requirements under applicable securities legislation and the TSXV.

Audit Committee Charter

Our Audit Committee operates under a written charter that sets out its responsibilities and composition requirements. A copy of this charter is attached as Appendix "A" to this prospectus.

Relevant Education and Experience

The majority of the members of the Audit Committee will meet the independence criteria set out in Multilateral Instrument 52-110 – *Audit Committees* ("**MI 52-110**"). The following sets out the relevant education and experience of each director relevant to the performance of his or her duties as a member of the Audit Committee:

The Chair, Ms. Laplante, currently works as the Chief Financial Officer for Allstream, a position she has held since 2021. Prior to Allstream, Ms. Laplante was the Chief Financial Officer for Norton Rose Fulbright Canada LLP (2017-2021), and the Senior Vice President of Finance at D+H Corporation (2015-2017). Prior to D+H, Ms. Laplante had senior finance positions in four telecommunications and media companies, Rogers Communications, The Globe and Mail, CTV Television, and Business News Network. She started her career at Nortel Networks, holds Bachelor of Commerce from the University of Montreal, and is a Chartered Professional Accountant. Ms. Laplante is a member of the board of directors of OntarioMD and served as the Chair of the Audit and Investment Committee for CANARIE (2013-2018).

Mr. Beattie, Chief Financial Officer of the Company, joined CSI in 2005 and is currently the Chief Financial Officer of the Volaris Operating Group. Before joining CSI, Mr. Beattie was Chief Financial Officer of two high growth software companies: Immersion Studios and adbeast. Prior to that Mr. Beattie had senior finance positions at two telecommunications companies, Norigen Communications and Rogers Communications. He started his career at KPMG and is a Chartered Professional Accountant. Mr. Beattie sits on the advisory boards of Stack Capital Group Inc. (TSX listed) and the board of directors of Pivotree Inc. (TSXV listed) where he is the chair of the audit committee.

Mr. Cowling currently holds the position of Senior Vice President, General Counsel & Regulatory Affairs at Shaw Communications Inc., a position he has held since 2019. Prior to commencing his current role, Mr. Cowling held various senior positions within Shaw Communications. Prior to Shaw Communications, Mr. Cowling was a lawyer at Torys LLP (2001-2011) and legal counsel for the Canadian Radio-television and Telecommunications Commission (CRTC) (2005). Mr. Cowling holds a Bachelor of Arts from McGill University, a JD, Law from the University of Toronto, and an LLM, Law from Columbia Law School. Mr. Cowling is a member of the board of directors for the Canadian Wireless Telecommunications Association and the Vice Chair of the 5G Canada Council, positions he has held since 2017. He also previously served on the board of directors for the Canadian Association of Broadcasters (2014-2016).

Based on the above information provided by each director, all members of the Audit Committee are "financially literate" as that term is defined in MI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee reviews and approves all audit and non-audit services performed by our auditors in advance of services being performed.

Auditor Fee Disclosure

The following table sets forth the fees billed or accrued for various services provided by KPMG LLP and its affiliates to the Company and Lumine Portfolio during the Company's and Lumine Portfolio's last two fiscal years:

Services	Fees Accrued During the Year Ended (C$)	
	December 31, 2022	**December 31, 2021**
Audit Fees	1,360,586	-
Audit-Related Fees	-	-
Tax Fees	-	-
All Other Fees	-	-
Total	1,360,586	-

Audit Fees relate to professional services rendered for audits of the Company's and Lumine Portfolio's annual combined financial statements for years ended December 31, 2020, 2021 and 2022, reviews of Lumine Portfolio's quarterly interim combined financial statements for the periods ended June 30, 2022 and September 30, 2022 and the respective comparative periods, and regulatory filings, including fees related to the filing of the prospectus. The amounts indicated above are exclusive of related taxes.

Compensation, Nominating and Human Resources Committee

The compensation, nominating and human resources committee ensures that we have a high caliber executive management team in place and a total compensation plan that is competitive, motivating and rewarding for participants. The committee also advises the Company's board of directors in filling vacancies on the board. The committee reviews and makes recommendations to the Company's board of directors regarding the appointment of executive officers, and the establishment of, and any material changes to, executive compensation programs, including that of the Chief Executive Officer. This committee also reviews management succession plans and is responsible for overseeing employee compensation.

Corporate Governance

The Company's board of directors is responsible for developing our approach to corporate governance issues. It periodically reviews the size, composition and compensation of the Company's board of directors, the effectiveness of the board and its individual members, and appropriate committee structures, mandates, composition, membership and effectiveness. To the extent a conflict of interest arises from time to time, a director is required to excuse himself from the applicable portion of any meeting at which such matter is to be discussed or decided.

In accordance with National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, the Company is required to disclose its approach to corporate governance. The Company's approach to significant issues of corporate governance is designed to ensure that the business and affairs of the Company are effectively managed to enhance shareholder value. The Company's corporate governance practices have been and continue to be in compliance with applicable Canadian requirements. The Company's board of directors has approved the description of the Company's approach to corporate governance as outlined in Appendix "B" to this prospectus. Corporate governance guidelines change from time to time. The Company's board of directors monitors pending regulatory initiatives and developments in the corporate governance area and will address them as appropriate.

EXECUTIVE COMPENSATION

Named Executive Officers

Our named executive officers for purposes of Canadian securities law are, or will be following the Acquisition Closing, Mark Miller, Chairman of the Company's board of directors, David Nyland, Chief Executive Officer, and Brian Beattie, Chief Financial Officer (collectively, the "**Named Executive Officers**").

David Nyland will continue to receive compensation from the Company on a go forward basis, his current base salary being C$500,000. Mark Miller and Brian Beattie are not expected to receive compensation in connection with any services that they render to the Company. Instead, Mark Miller and Brian Beattie will continue to be compensated directly by Volaris in their roles as Chief Executive Officer and Chief Financial Officer of the Volaris Operating Group, respectively. For additional information regarding CSI and the Company, see "*Governance of the Company – Services Agreement*".

Compensation Discussion and Analysis

Objectives of the Company's Executive Compensation Program

The primary objective of the Company's executive compensation program will be to attract and retain highly skilled executives required for the success of the Company and to reward and retain executives who create long-term value for Company Shareholders. The Compensation, Nominating and Human Resources Committee (the "**CNHR Committee**") will be responsible for making recommendations to the board of directors of the Company with respect to the establishment of a compensation plan for the Company's executive officers, including the Named Executive Officers.

The Company's executive compensation program is expected to consist of a base salary and annual incentive compensation. The annual incentive compensation is expected to be paid by way of a cash bonus, although a portion of the bonus is expected to be used to purchase Subordinate Voting Shares.

Total compensation for each executive officer will be designed to be competitive. The CNHR Committee will periodically review and compare both base salary and total compensation against compensation data of Canadian, U.S. and European public companies with annual revenues, types of business and market capitalizations similar to ours.

Base Salary

Providing a market competitive base salary is necessary to attract new talent as required, and it assists in retaining skilled executive talent. Base salaries for our executive officers are expected to be set by the CNHR Committee taking into account the executive's responsibilities and skills. All executive salaries are expected to be reviewed annually by the CNHR Committee on the basis of the above criteria and adjusted accordingly.

Annual Incentive Bonus

Our senior executives and a majority of our leadership team are expected to be paid an annual bonus based on the profitability and growth of the VMS business in which they will be employed pursuant to our bonus plan (the "**Bonus Plan**"). We will measure profitability for the purpose of our Bonus Plan by netting a "risk free" rate of return to be established by the Company's board of directors (currently anticipated to by 5%) from the return on invested capital ("**ROIC**") generated by the VMS business. If the ROIC does not exceed the risk free rate of return, then the managers of the VMS business are expected to receive no bonus. We measure growth by looking at the year-over-year increase in net revenues for the particular VMS business (which we expect to calculate by subtracting all third party cost of goods sold and flow-through expenses from gross revenues for the applicable VMS business). We will calculate ROIC by dividing net income for bonus purposes for the year by the average invested capital for that period. Neither net income for bonus purposes nor invested capital are IFRS measurements. These amounts will be determined by the CNHR Committee of the Company's board of directors with reference to our audited financial results.

Managers and employees will be encouraged to invest a significant portion of their after-tax bonus in Subordinate Voting Shares. All Subordinate Voting Shares purchased under this program will be locked-up for a three to five year period, after which the employees will be free to either hold them or sell them. The portion of the after-tax bonus to be invested in Subordinate Voting Shares by our employees will be forwarded to a third party trustee engaged by us to purchase Subordinate Voting Shares in the open market under the terms of the Bonus Plan. The trustee will then hold the Subordinate Voting Shares so purchased in accordance with the lock-up provisions described above.

The Bonus Plan is expected to constitute the majority of the incentive compensation paid to our senior executives and leadership team. We believe the Bonus Plan aligns the long-term interests of employees and shareholders better than an employee stock option plan. Further, we believe that our Bonus Plan can be more accurately reflected in our annual expenses as opposed to the estimates typically involved in expensing employee stock options. As a result, we do not currently have an employee stock option program nor do we currently expect to implement one in the near future.

Employment Agreements

Mr. Nyland has an employment contract with the Company which provides for, among other things, certain covenants in favour of the Company. Mr. Miller and Mr. Beattie have employment agreements with Volaris, and not with the Company nor any of its subsidiaries.

Mr. Nyland, Mr. Miller, and Mr. Beattie are entitled to three months' working notice in the event of termination of employment for convenience.

Compensation of Directors

Following the closing of the Spin-Out, our two independent directors (being Ms. Laplante and Mr. Cowling) will be entitled to receive C$75,000 per annum, plus C$25,000 per annum for each committee of the Company's board of directors on which such director serves as Chair. The fees are expected to be paid in cash; however, 50% of the after-tax portion of such fees must be used by these directors to purchase Subordinate Voting Shares on the open market. The Subordinate Voting Shares will be required to be held in escrow for a minimum average period of four years. Independent directors will also be reimbursed by the Company for all out-of-pocket expenses incurred in their capacities as directors of the Company.

Directors' and Officers' Liability Insurance

CSI maintains directors and officers liability insurance coverage with a C$25 million per occurrence limit and a C$25 million annual limit in aggregate. Coverage includes errors, omissions or breach of fiduciary duty by the directors and officers during the discharge of their legal duties. The Company's directors and officers are covered under CSI's policy. C$20 million of this insurance includes coverage to reimburse the Company for its indemnity obligations to the directors and officers and for securities claims made against the Company. The remaining C$5 million is dedicated to coverage for the directors and officers where they are not indemnified by the Company.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the date of this prospectus, no current or former directors, executive officers or employees of the Company, or any of its subsidiaries, has any indebtedness to the Company or any of its subsidiaries.

PLAN OF DISTRIBUTION

This prospectus is being filed in each of the provinces and territories of Canada to qualify the distribution of the Spin-Out Shares forming the Dividend. See "*The Spin-Out*" for details of the distribution.

Qualification, Listing and Trading of Shares

This prospectus qualifies the distribution of the Dividend under applicable Canadian securities laws in each of the provinces of and territories of Canada. As at the date of this prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America. However, the Company has applied to list the securities distributed under this prospectus on the TSXV. Listing will be subject to the issuer fulfilling all the listing requirements of the TSXV.

The TSXV has conditionally approved the Listing, subject to the Company fulfilling all of the listing requirements of the TSXV prior to April 26, 2023. The Listing and Trading of the Spin-Out Shares is intended to occur approximately 30 days after the effective time of the distribution of the Spin-Out Shares. The Acquisition Closing is expected to occur shortly before the distribution of the Spin-Out Shares. Neither the Listing nor the Trading, nor the intended timing of the Listing or Trading, can be guaranteed.

RISK FACTORS

The Company's business is subject to a number of risk factors, including those risk factors set forth below. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also impair our business and operations and cause the price of our securities to decline.

Risks Related to the Company and the Industry

We cannot assure you that we will sustain profitability in the future. If we do not maintain profits our share price may decline.

As we continue to grow our business, our operating expenses and capital expenditures may increase, and as a result, we will need to generate additional revenue to maintain profitability. If our revenues decline, we may not be able to sustain profitability because many of our expenses are fixed in the short term and cannot be easily or quickly reduced. A failure to maintain profitability could materially and adversely affect our business.

We periodically review the estimated value of acquired intangibles and goodwill to determine whether any impairment exists and we could write-down a portion of our intangible assets and goodwill as part of any such future review, which occurs when impairment indicators exist or, in the case of goodwill, at least once annually. We occasionally review opportunities to reorganize operations and may record restructuring charges in connection with any such reorganization. Any write-down of intangible assets or goodwill or restructuring charges in the future could affect our results of operations materially and adversely and as a result our share price may decline.

Our quarterly revenues and operating results may fluctuate.

Factors which may cause our revenues and operating results to fluctuate include:

- the demand for our software products and the market conditions for technology spending;
- patterns of capital spending and changes in budgeting cycles by our customers;
- the timing of acquisitions and related costs;
- our ability to acquire or develop (independently or through strategic relationships with third parties), to introduce and to market new and enhanced versions of our software products on a timely basis;
- the number, timing and significance of new software product announcements and releases by us or our competitors;
- the level of software product and price competition;
- the geographical mix of our sales, together with fluctuations in foreign currency exchange rates;
- market acceptance of new and enhanced versions of our software products;
- changes in personnel and related costs;
- the amount and timing of operating costs and capital expenditures relating to the expansion of our business;
- changes in the pricing and the mix of software solutions that we sell and that our customers demand;
- seasonal variations in our sales cycles; and
- order cancellations and shipment delays.

In addition, we expect that a substantial portion of our revenue will continue to be derived from renewals of maintenance arrangements with our customers. These maintenance arrangements typically last from three months to 12 months, and the timing of cash collections of related revenues varies from quarter to quarter.

In addition, our new license revenue may fluctuate significantly on a quarterly and annual basis in the future, as a result of a number of factors, many of which are outside of our control. The sale of a new license generally requires a customer to make a purchase decision that involves a significant commitment of capital.

We may be unable to identify and complete suitable acquisitions in our existing vertical markets.

We cannot be certain that we will be able to identify suitable new acquisition candidates that are available for purchase at reasonable prices. Even if we are able to identify such candidates, we may be unable to consummate an acquisition on suitable terms. When evaluating an acquisition opportunity, we cannot assure you that we will correctly identify the risks and costs inherent in the business that we are acquiring. If we were to proceed with one or more significant future acquisitions in which the consideration consisted of cash, a substantial portion of our available cash resources may be used or we may have to seek additional financing to complete such acquisitions.

Any failure to manage our growth through acquisitions effectively or manage other businesses we acquire may lead to a disruption in our operations and adversely affect our operating results.

Since our inception we have made numerous acquisitions and we plan to continue to make acquisitions in the future. Growth and expansion resulting from future acquisitions may place a significant demand on our management resources. Recently completed acquisitions and any future acquisitions involve special risks, including the following:

- failure to integrate successfully the information systems of the acquired business;
- failure to maximize any anticipated financial and strategic benefits of the transaction;
- possible impairment of relationships with employees and customers as a result of the acquisition of new businesses;
- possible losses from liabilities assumed in customer contracts; and
- impairment of goodwill.

Future acquisitions are accompanied by the risk that the obligations and liabilities of an acquired company may not be adequately reflected in the historical financial statements of such company and the risk that such historical financial statements may be based on assumptions, which are incorrect or inconsistent with our assumptions or approach to accounting policies. We may not be able to manage such expansion effectively and any failure to do so could lead to a disruption in our business, a loss of customers and revenue, and increased expenses.

The Company is and will remain a holding company and its material assets consist solely of interests in the Company's operating subsidiaries.

The Company has no independent means of generating revenue. The Company depends on distributions and other payments from its operating businesses to provide it with the funds necessary to meet its financial obligations. The Company's operating businesses are legally distinct from it and some of them are or may become restricted in their ability to pay dividends and distributions or otherwise make funds available to it pursuant to local law, regulatory requirements or their contractual agreements.

We may acquire contingent liabilities through acquisitions that could adversely affect our operating results.

We may acquire contingent liabilities in connection with acquisitions we have completed, which may be material. Although management uses its best efforts to estimate the risks associated with these contingent liabilities and the likelihood that they will materialize, their estimates could differ materially from the liabilities actually incurred.

Demand for our software solutions may fluctuate with market conditions which may reduce our profitability in the future.

We depend upon the capital spending and information technology budgets of our customers. World and regional economic conditions have, in the past, adversely affected our licensing and support revenue. If economic or other conditions reduce our customers' capital spending levels, our business, results of operations and financial condition may be adversely affected. In addition, the purchase and implementation of our software solutions can constitute a major portion of our customers' overall IT budget, and the amount customers are willing to invest in acquiring and implementing such software solutions has tended to vary in response to economic, financial or other business conditions. Challenging economic conditions may also impair the ability of our customers to pay for software solutions they have purchased. As a result, reserves for doubtful accounts may increase.

If our customers demand performance guarantees, the costs and risks associated with offering our software solutions may increase.

We and our competitors are sometimes requested to provide specific performance guarantees with respect to the functionality of certain aspects of our software solutions. Similarly, we have been requested to quote fixed-price bids for our software solutions. These requests present risks, because implementations of our software solutions are rarely identical, and therefore we cannot accurately predict precisely what will be required to meet these performance standards. If these guarantees and fixed price bids become more common, our profitability may be affected.

We face competition from other software solutions providers, which may reduce our market share or limit the prices we can charge for our software solutions.

Given that we serve numerous vertical markets, we face competition from a large number of competitors ranging in size from small private companies with annual revenues of less than $1 million per year to the larger enterprise vendors. As a result, in certain market segments, competition can be intense, and significant pricing pressure may exist. To maintain and improve our competitive position, we must continue to develop and to introduce, in a timely and cost-effective manner, new software solutions. In addition, we expect that a substantial portion of our revenue will continue to be derived from renewals of maintenance arrangements with our customers. Although we have experienced relatively stable and predictable attrition relating to these arrangements, increased competition could reduce the need for our maintenance services, as customers could decide to replace our software applications with a competitor's applications or arrange for a third party to provide maintenance services.

Additional competition could emerge as other established and emerging companies enter the market for our software products and as new products and technologies are introduced. For example, companies that historically have not competed in one of our market segments could introduce new applications based on newer product architectures that could provide for functionality similar to or better than our software products. In addition, current and potential competitors may make strategic acquisitions or establish cooperative relationships among themselves or with third parties, thereby increasing the ability of their products to better address the needs of our prospective customers. Accordingly, it is possible that new competitors or alliances among current and new competitors may emerge and gain significant market share. This competition could result in price reductions, fewer customer orders, reduced gross margins and loss of market share for our software products.

Some of our competitors and potential competitors have greater financial, technical, marketing, and other resources, greater name recognition, and a larger installed base of customers than we do. The products of some of our competitors are based on more advanced product architectures or offer performance advantages compared with some of our more mature products. Our competitors may be able to respond more quickly to new or emerging technologies and changes in customer requirements or may devote greater resources to the development, promotion, and sale of their products than we do. Many competitive factors affect the market for our products and our ability to earn maintenance revenue, professional services and new license revenue. Some of these factors are: vendor and product reputation; industry-specific expertise; cost of ownership; ease and speed of implementation; customer support; product architecture, quality, price and performance; product performance attributes, such as flexibility, scalability, compatibility, functionality and ease of use; and vendor financial stability.

If we cannot attract and retain qualified sales personnel, customer service personnel, and software developers, we may not be able to sell and to support our existing products or to develop new products.

We depend on key technical, sales, and senior management personnel. Many of these individuals would be difficult to replace if they were to leave our employment. In addition, our success is highly dependent on our continuing ability to identify, hire, train, assimilate, motivate, and retain highly qualified personnel, including recently hired officers and other employees. Any such new hire may require a significant transition period prior to making a meaningful contribution to the Company. Periodically, competition for qualified employees is intense in the technology industry, and we have in the past experienced difficulty recruiting qualified employees. Our failure to attract and to retain the necessary qualified personnel could seriously harm our operating results and financial condition.

Our future growth depends, in part, upon our ability to develop new products and to improve existing software products. Our ability to develop new software solutions and to enhance our existing software solutions will depend, in part, on our ability to recruit and to retain top quality software programmers. If we are unable to hire and to retain sufficient numbers of qualified programming personnel, we may not be able to develop new software solutions or to improve our existing software solutions in the time frame necessary to execute our business plan.

The loss of our rights to use software currently licensed to us by third parties could increase our operating expenses by forcing us to seek alternative technology and adversely affect our ability to compete.

We license certain technologies used in our products from third parties, generally on a non-exclusive basis. The termination of any of these licenses, or the failure of the licensors to adequately maintain or update their products, could delay our ability to ship our products while we seek to implement alternative technology offered by other sources and require significant unplanned investments on our part. In addition, alternative technology may not be available on commercially reasonable terms. In the future, it may be necessary or desirable to obtain other third-party technology licenses relating to one or more of our products or relating to current or future technologies to enhance our product offerings. There is a risk that we will not be able to obtain licensing rights to the needed technology on commercially reasonable terms, if at all.

Dependence on our relationship with CSI.

CSI, through Trapeze, its indirect wholly-owned subsidiary, has certain rights and influence over us under the Shareholders Agreement and as the indirect holder of the Super Voting Share. CSI has a historical involvement as an investor and CSI will provide certain services to the Company pursuant to the Services Agreement. There is no guarantee that we will continue to benefit from this relationship with CSI in the future. There can also be no assurance that CSI will continue to indirectly hold the Super Voting Share. We have established a conflicts protocol with CSI to address conflicts and potential conflicts and to provide guidelines for the allocation of certain transaction opportunities, which may limit the ability of the Company to compete with CSI and CSI's other subsidiaries for such transaction opportunities.

Several members of our senior management team are important to our business and if these individuals do not remain with us in the future it may have a negative impact on our financial condition and results of operations.

Our future success depends on the continued efforts and abilities of our senior management team. Their skills, experience and industry contacts significantly benefit us. Although we have employment and non-competition agreements with members of our senior management team, we cannot assure you that they or our other key employees will all choose to remain employed by us. If we lose the services of one or more of these individuals, or if one or more of them decide to join a competitor or otherwise compete directly or indirectly with us, our business, operating results, and financial condition could be harmed. We do not maintain key man life insurance on any of our employees.

We may experience customer attrition, which could affect our revenues more adversely than we expect, and we may be unable to adapt quickly to such attrition. Any significant reduction in revenues as a result of such attrition may have a material adverse effect on our business, results of operations or financial condition.

We expect that a substantial portion of our revenue will continue to be derived from renewals of quarterly and annual maintenance arrangements with our customers, and, to a lesser extent, from professional services engagements for these customers. Although we believe we have strong customer retention rates, attrition in our customer base does occur when existing customers elect not to renew their maintenance arrangements and cease purchasing professional services from us. Customer attrition occurs for a variety of reasons, including a customer's decision to replace our software product with that of a competing vendor, to purchase maintenance or consulting services from a third-party service provider, or to forego maintenance services altogether. It can also occur when a customer is acquired or ceases operations.

Historically, we have been able to replace more than the revenue lost through attrition with new revenue from maintenance services as well as from price increases for maintenance services. However, any factors that adversely affect the ability of our software products to compete with those available from others, such as availability of competitors' products offering more advanced product architecture, superior functionality or performance or lower prices, or factors that reduce demand for our maintenance services, such as intensifying price competition, could lead to increased rates of customer attrition.

Currency exchange rate fluctuations and other risks associated with our international operations may adversely affect our operating results.

We are subject to risks of doing business internationally, including fluctuations in currency exchange rates, increases in duty rates, difficulties in obtaining export licenses, difficulties in the enforcement of intellectual property rights and political uncertainties. We currently do not typically use derivative instruments to mitigate our exposure to those risks. Although most of our businesses are organized geographically so that many of our expenses are incurred in the same currency as our revenues thus mitigating some of our exposure to currency fluctuations, we are still subject to some foreign currency risk. We may choose to enter into forward foreign exchange contracts from time to time with the objective of mitigating volatility in profit or loss but there is no assurance that these hedging strategies will be effective.

Revenues and expenses generated in foreign currencies are translated at exchange rates during the month in which the transaction occurs. We cannot predict the effect of foreign exchange losses in the future; however, if significant foreign exchange losses are experienced, they could have a material adverse effect on our business, results of operations, and financial condition. In addition, fluctuations in exchange rates could affect the pricing of our products and negatively influence customer demand.

Additional risks we face in conducting business internationally include longer payment cycles and difficulties in managing international operations. These include constraints associated with local laws regarding employment, difficulty in enforcing our agreements through foreign legal systems, complex international tax and financial reporting compliance requirements, and the adverse effects of tariffs, duties, price controls or other restrictions that impair trade.

We may have exposure to unforeseen tax liabilities.

We are subject to income taxes as well as non-income based taxes in Canada and various foreign jurisdictions and our tax structure is subject to review by numerous taxation authorities. Significant judgment is required in determining our worldwide provision for income taxes and other tax liabilities. In the ordinary course of a global business, there are many inter-company transactions and calculations where the ultimate tax determination is uncertain. Although we strive to ensure that our tax estimates and filing positions are reasonable, we cannot assure you that the final determination of any tax audits and litigation will not be different from what is reflected in our historical income tax provisions and accruals, and any such differences may materially affect our operating results for the affected period or periods.

The Company Group is subject to income tax audits by various authorities in respect of prior periods that could result in additional tax expense in future periods. While the outcome of such outstanding audits and claims remains uncertain, it is expected that they will be resolved without a material impact to the Company Group’s financial position.

We also have exposure to additional non-income tax liabilities. We are subject to non-income taxes, such as payroll, sales, use, value-added, net worth, property and goods and services taxes in Canada and various foreign jurisdictions.

We benefit from subsidies, tax exemptions or deductions that may cease to be available.

We benefit from subsidies, tax exemptions or deductions related to research and development in Canada and various foreign jurisdictions. Current support schemes and other financial benefits may expire, be suspended or be phased out over time, cease upon the exhaustion of allocated funding or be subject to cancellation, non-renewal or change. Subsidies could also be ultimately altered based on investigation by the provider. If the Canadian or foreign government agencies were to decrease or abandon their financial support for research and development, that may lead us to modify or reduce our development plans and consequently may adversely affect our business, financial condition, results of operations and prospects.

Impact of geopolitical and other global or local events may have a significant effect on our operations.

Various events, including natural disasters, extreme weather conditions, labour disputes, civil unrest, war and political instability, terrorism, contagious illness outbreaks (including, most recently, the novel coronavirus (COVID-19)), and environmental disasters or the perceived threat or fear of these events, may cause a disruption of our normal operations, including staff shortages, mobility restrictions and other quarantine measures (including as a result of government regulation and prevention measures) and may disrupt the domestic and international travel of our sales and other personnel. The sales cycle for our products includes a period of education for potential customers on the use and benefits of our software solutions, as well as the integration of our software solutions with additional applications utilized by individual customers. Any disruption in the ability of our personnel to travel could have a material and adverse impact on our ability to complete this process and to service these customers or to negotiate new merger and acquisition transactions, which could, in turn, have a material adverse effect on our business, results of operations and financial condition. In addition, these events or the perceived threat or fear of these events may require us to reorganize our day-to-day operations to minimize the associated risks. Any expense related to the reorganization of our day-to-day operations, even on a short-term basis, could also have a material adverse effect on our business, results of operations and financial condition.

Potential divestitures may reduce revenues in the short term and create uncertainty among our employees, customers and potential customers, which could harm our business.

Although we have not divested any businesses, any divestitures could result in a short-term reduction in revenue and could harm our results of operations if we were not able to reduce expenses accordingly or to generate offsetting sources of revenue. To the extent that our consideration of these potential divestitures became known prior to their completion, we could face the risk, among others, that customers and potential customers of the VMS business in question might be reluctant to purchase our software solutions during this period. In addition, we face the risk that we may be unable to retain qualified personnel within the applicable VMS business during this period. Poor economic conditions and a lack of access to the credit markets may lead to difficulty in finding interested buyers for any proposed divestitures. These risks could prevent us from successfully completing on favourable terms, or at all, divestitures that would otherwise be beneficial to us, and may in the process weaken business divisions that we are considering for divestiture. Any of these events could result in a loss of customers, revenues, and employees and could harm our results of operations.

Some of the markets for our software products are characterized by periodic technological advances, and we must improve our software products to remain competitive.

Periodic technological change and associated new product introductions and enhancements characterize the software industry in general. Our current and potential customers increasingly require greater levels of functionality and more sophisticated product offerings. In addition, the life cycles of many of our software products are difficult to estimate. While we believe some of our software products may be nearing the end of their product life cycles, we cannot estimate the decline in demand from our customers for maintenance related to these software products. Accordingly, we believe that our future success depends upon our ability to enhance current software products and to develop and to introduce new products offering enhanced performance and functionality at competitive prices in a timely manner, and on our ability to enable our software products to work in conjunction with other products from other suppliers that our customers may utilize. Our failure to develop and to introduce or to enhance products in a timely manner could have a material adverse effect on our business, results of operations, and financial condition.

We may be unable to respond on a timely basis to the changing needs of our customer base and the new applications we design for our customers may prove to be ineffective. Our ability to compete successfully will depend in large measure on our ability to bring to market effective new products or services, to maintain a technically competent research and development staff, and to adapt to technological changes and advances in the industry. Our software products must remain compatible with evolving computer hardware and software platforms and operating environments. We cannot assure you that we will be successful in these efforts. In addition, competitive or technological developments and new regulatory requirements may require us to make substantial, unanticipated investments in new products and technologies, and we may not have sufficient resources to make these investments. If we were required to expend substantial resources to respond to specific technological or product changes, our operating results would be adversely affected.

If we are unable to protect our proprietary technology and that of the VMS businesses that we acquire, our competitive position could be adversely affected.

We have relied, and expect to continue to rely, on a combination of copyright, trademark and trade-secret laws, confidentiality procedures, and contractual provisions to establish, maintain, and protect our proprietary rights. Although patents generally provide greater protection of software products than do trade secrets or copyrights, we currently possess only a limited number of patents. We typically enter into agreements with our employees, consultants, customers, partners and vendors in an effort to control ownership of our intellectual property and access to and distribution of our software, documentation and other proprietary information. Despite these precautions, there may be authors of some of the intellectual property that form parts of our software products who have not assigned their intellectual property rights to us and who have not waived their moral rights with respect thereto. The steps we take may not prevent misappropriation of our intellectual property, and the agreements we enter into may not be enforceable. Despite our efforts to protect our proprietary rights in our intellectual property and that of other businesses we may acquire, unauthorized parties may copy or otherwise obtain and use our proprietary technology or obtain information we regard as proprietary. Policing unauthorized use of our technology, if required, may be difficult, time-consuming, and costly. Our means of protecting our technology may be inadequate.

Third parties may apply for and obtain patent protection for products and services that are similar to our software solutions. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our products or services or to obtain and to use information that we regard as proprietary. Third parties may also independently develop similar or superior technology without violating our proprietary rights.

Trademark protection is an important factor in establishing product recognition. Our inability to protect our trademarks from infringement could result in injury to any goodwill which may be developed in our trademarks. Moreover, we may be unable to use one or more of our trademarks because of successful third-party claims.

Claims of infringement are becoming increasingly common as the software industry develops and legal protections, including patents, are applied to software products. Although we believe that our software products and technology do not infringe proprietary rights of others, litigation may be necessary to protect our proprietary technology and third parties may assert infringement claims against us with respect to their proprietary rights.

Any claims or litigation can be time consuming and expensive regardless of their merit. Infringement claims against us could cause product release delays, require us to redesign our products or to enter into royalty or license agreements that may not be available on terms acceptable to us, or at all.

Software product development delays could harm our competitive position and reduce our revenues.

If we experience significant delays in releasing new or enhanced software products, our position in the market could be harmed and our revenue could be substantially reduced, which would adversely affect our operating results. We have experienced software product development delays in the past and may experience delays in the future. In particular, we may experience software product development delays associated with the integration of recently acquired software products and technologies. Delays may occur for many reasons, including the inability to hire a sufficient number of developers, discovery of bugs and errors, or the inability of our current or future software products to conform to customer and industry requirements.

Our software products may contain errors or defects that could result in lost revenue, delayed or limited market acceptance, or product liability claims with substantial litigation costs.

As a result of their complexity, software products may contain undetected errors or failures when entering the market. Despite testing performed by us and testing and use by current and potential customers, defects and errors may be found in new software products after commencement of commercial shipments or the offering of a network service using these software products. In these circumstances, we may be unable to successfully correct the errors in a timely manner or at all. The occurrence of errors and failures in our software products could result in negative publicity and a loss of, or delay in, market acceptance of those software products. Such publicity could reduce revenue from new licenses and lead to increased customer attrition. Alleviating these errors and failures could require significant expenditure of capital and other resources by us. The consequences of these errors and failures could have a material adverse effect on our business, results of operations, and financial condition.

Because many of our customers use our software products for business-critical applications, any errors, defects, or other performance problems could result in financial or other damage to our customers. Our customers or other third parties could seek to recover damages from us in the event of actual or alleged failures of our software solutions. We have in the past been, and may from time to time continue to be, subject to these kinds of claims. Although our license agreements with customers typically contain provisions designed to limit our exposure to potential claims, as well as any liabilities arising from these claims, the provisions may not effectively protect against these claims and the liability and associated costs. Accordingly, any such claim could have a material adverse effect upon our business, results of operations, and financial condition. In addition, defending this kind of claim, regardless of its merits, or otherwise satisfying affected customers, could entail substantial expense and require the devotion of significant time and attention by key management personnel.

The hosting services of some of our products are dependent on the uninterrupted operation of data centers. Any unexpected interruption in the operation of data centers used could result in customer dissatisfaction and a loss of revenues.

Some of our VMS businesses provide hosting services in respect of some of our software products. These hosting services depend upon the uninterrupted operation of data centers and the ability to protect computer equipment and information stored in these data centers against damage that may be caused by natural disaster, fire, power loss, telecommunications or internet failure, unauthorized intrusion, computer viruses and other similar damaging events. If any of the data centers we use were to become inoperable for an extended period, we might be unable to provide our customers with contracted services. Although we take what we believe to be reasonable precautions against such occurrences, we can give no assurance that damaging events such as these will not result in a prolonged interruption of our services, which could result in customer dissatisfaction, loss of revenue and damage to our business.

As a provider of hosted services, we receive confidential information, including credit card and other financial and accounting data. There can be no assurance that this information will not be subject to loss, destruction, computer break-ins, theft, or other improper activity that could jeopardize the security of information for which we are responsible. Any such lapse in security could expose us to litigation, loss of customers, or otherwise harm our business. In addition, any person who is able to circumvent our security measures could misappropriate proprietary or confidential customer information or cause interruptions in our operations.

We are required to comply with numerous, complex, constantly evolving and sometimes conflicting legal and regulatory requirements in multiple jurisdictions, and could suffer financial, operational or reputational loss due to non-compliance.

Due to the international nature and scale of our operations, we are impacted by the laws and regulations of the various jurisdictions within these markets, including competition and anti-trust, foreign investment, labour, data protection and privacy, telecommunications, online content, intellectual property, corporate, tax, financial services, anti-money laundering, anti-bribery and anti- corruption and sanctions and export controls. These laws and regulations are often complex, constantly evolving and in some cases conflict with one another. Furthermore, operating in foreign jurisdictions entails an inherent risk of misinterpreting, or wrongly implementing, foreign laws and regulations. Incidents of non-compliance with applicable laws and regulations could result in damage to our reputation and repeated compliance failures could call into question the integrity of our operations.

Any violation of or non-compliance with applicable anti-money laundering, anti-corruption or anti-bribery laws could expose us to investigations, criminal and/or civil liability and substantial fines in any of the jurisdictions in which we operate, the occurrence of any of which would have a material adverse effect on our reputation, business, financial condition, results of operations and prospects.

We are currently, and may in the future become, subject to civil litigation, which if decided against us, could require us to pay judgments, settlements or other penalties and could potentially result in the dilution of the Subordinate Voting Shares.

In addition to being subject to litigation in the ordinary course of business, we may become subject to class actions, securities litigation or other actions, including anti-trust and anti-competitive actions.

Any litigation may be time consuming, expensive and distracting from the conduct of our daily business. The adverse resolution of any specific lawsuit could have a material adverse effect on our financial condition and liquidity.

In addition, the resolution of those matters may require us to issue additional Subordinate Voting Shares, which could potentially result in the dilution of the Subordinate Voting Shares. Expenses incurred in connection with these matters (which include fees of lawyers and other professional advisors and potential obligations to indemnify officers and directors who may be parties to such actions) could adversely affect our cash position.

No limit on indebtedness.

In order to finance acquisitions from time-to-time, the Company may obtain a credit facility and incur indebtedness under such credit facility. Any additional indebtedness will increase the interest payable by the Company from time-to-time until such amounts are repaid, which will represent an increase in the Company's cost and a potential reduction in the Company's income. In addition, the Company may need to find additional sources of financing to repay these amounts when they become due. There can be no guarantee that the Company will be able to obtain financing on terms acceptable to it or at all at any such time.

If our security measures for our products and services are compromised and as a result, our data, our customers' data or our IT systems are accessed improperly, made unavailable, or improperly modified, our products and services may be perceived as vulnerable, our brand and reputation could be damaged, the IT services we provide to our customers could be disrupted, and customers may stop using our products and services, all of which could reduce our revenue and earnings, increase our expenses and expose us to legal claims and regulatory actions.

We are in the IT business, and certain of our products and services, store, retrieve, manipulate and manage our customers' information and data, external data, as well as our own data.

At times, we encounter attempts by third parties (which may include nation states and individuals sponsored by them) to identify and exploit product and service vulnerabilities, penetrate or bypass our security measures, and gain unauthorized access to our or our customers', partners' and suppliers' software, hardware and cloud offerings, networks and systems, any of which could lead to the compromise of personal information or the confidential information or data of the Company or our customers. Computer hackers and others may be able to develop and deploy IT related viruses, worms, and other malicious software programs that could attack our networks, systems, products and services, exploit potential security vulnerabilities of our networks, systems, products and services, create system disruptions and cause shutdowns or denials of service. This is also true for third-party data, products or services incorporated into our own products and services. Data may also be accessed or modified improperly as a result of customer, partner, employee or supplier error or malfeasance and third parties may attempt to fraudulently induce customers, partners, employees or suppliers into disclosing sensitive information such as user names, passwords or other information in order to gain access to our data, our customers', suppliers' or partners' data or the IT systems of the Company, its customers, suppliers or partners.

In Europe, the General Data Protection Regulation, which came into force on May 25, 2018, provides for new obligations that apply internationally to entities that control or process the personal data of citizens in the territory of the European Union. This legislation also includes mandatory breach notification provisions as part of a comprehensive regime that governs the processing of personal information. Penalties for violations can be up to 4% of a company's total annual revenue.

The consequences of security breaches, compliance with privacy and data protection laws and regulations and the potential liability associated with the failure to comply with these laws could have a material adverse effect on our business, results of operations, and financial condition.

Our international activities increase the compliance risk associated with economic and trade sanctions imposed by the European Union and other jurisdictions.

We are subject to complex economic and trade sanctions laws in the jurisdictions where we operate, including the European Union and other jurisdictions. Economic and trade sanctions laws prohibit most dealings with listed persons, entities or bodies designated under the applicable sanctions regime, and restrict or prohibit certain business activities in certain sanctioned territories.

Limitations on enforcement of judgments against foreign subsidiaries.

We operate in multiple jurisdictions globally which means certain assets of the Company are located outside Canada. Accordingly, there can be no assurance that judgments obtained in Canadian courts will be enforceable in any jurisdictions outside Canada.

Risks Related to the Dividend and the Subordinate Voting Shares

Future sales by existing shareholders may affect the market price of the Subordinate Voting Shares.

If at any time our shareholders sell substantial amounts of the Subordinate Voting Shares in the public market, the market price of the Subordinate Voting Shares may fall. The perception among investors that these sales will occur could also produce this effect.

No prior market for the Subordinate Voting Shares exists which may reduce liquidity.

There is currently no market through which the Subordinate Voting Shares can be sold and there can be no assurance that any active public trading market will develop. Listing of the Subordinate Voting Shares is not expected to occur until approximately 30 days after the effective time of the distribution of the Spin-Out Shares. If an active public market for the Subordinate Voting Shares does not develop, the liquidity of the Subordinate Voting Shares will be limited. Various factors including our financial results and the financial results of our competitors and general economic conditions could cause significant fluctuations in the price and trading volume of the Subordinate Voting Shares.

The market price of the Subordinate Voting Shares will fluctuate.

The market price of the Subordinate Voting Shares will fluctuate due to a number of factors, including: actual or anticipated changes in our results of operations; changes in estimates of our future results of operations by management or securities analysts; announcements of technological innovations or new software products by us or our competitors; or general industry changes.

In addition, the financial markets have experienced significant price and value fluctuations that have particularly affected the market prices of equity securities of many software companies and that sometimes have been unrelated to the operating performance of these companies. Broad market fluctuations, as well as economic conditions generally and in the software industry specifically, may adversely affect the market price of the Subordinate Voting Shares.

Because we do not expect to pay any dividends on our Subordinate Voting Shares until the Preferred Shares and Special Shares are converted or redeemed, holders of the Subordinate Voting Shares may never receive a return on their investment.

We do not anticipate paying any cash dividends on the Subordinate Voting Shares in the foreseeable future. The declaration and payment of any dividends on the Subordinate Voting Shares in the future will be determined by the Company's board of directors, in its discretion, and will depend on a number of factors, including our earnings, financial condition and other relevant factors, including the availability of acquisition opportunities and other sources of capital, as well as any contractual restrictions or obligations, including in respect of the Preferred Shares, the Special Shares and the obligations of the Company under the Shareholders Agreement. In addition, pursuant to the Shareholders Agreement, no significant dividends will be declared or paid on the Subordinate Voting Shares until such time as there are no longer any Preferred Shares or Special Shares outstanding.

The dual class structure that will be contained in the Company's articles has the effect of concentrating voting control and the ability to influence corporate matters with CSI.

The Super Voting Share currently has 74,082,745 votes per share. The Super Voting Share has the right to such number of votes per share at any particular time as equals 50.1% of the aggregate number of votes attached to all of the outstanding Special Shares, Subordinate Voting Shares and the Super Voting Share at such time. The Special Shares and Subordinate Voting Shares have one vote per share. CSI will indirectly hold the Super Voting Share and as a result will hold approximately 50.1% of the voting power of our outstanding voting shares following the Spin-Out. Therefore, CSI will have significant influence over our management and affairs and over all matters requiring shareholder approval.

The rights of certain current shareholders may restrict the manner in which the Company operates its business and could result in significant dilution to holders of Subordinate Voting Shares.

Pursuant to the Shareholders Agreement, CSI, through Trapeze, its indirect wholly-owned subsidiary, and the Majority Rollover Shareholders are afforded certain approval rights with respect the Company as more fully set forth under the heading "*Governance of the Company – Shareholders Agreement*". These rights include, but are not limited to, for so long as Trapeze holds the Super Voting Share, the approval of the board of directors of CSI is required for any acquisitions by the Company exceeding $100 million, other than in ordinary course commercial arrangements. Such approval, if not granted, may limit the Company's ability to complete a change of control transaction or an acquisition that may otherwise be beneficial to shareholders.

In addition, pursuant to the Shareholders Agreement, CSI, through Trapeze, and the Rollover Shareholder Group will each have the right, in certain circumstances, to nominate directors for election to the board of directors of the Company. As a result, CSI and the Majority Rollover Shareholders will, by majority vote, maintain governance over certain management, administration, and growth of the Company. See "*Governance of the Company – Shareholders Agreement – Board and Management – Composition of the Board and Management*".

The Preferred Shares held indirectly by CSI and the Special Shares held by the Rollover Shareholder Group contain certain redemption, retraction and dividend rights that may require the Company to issue additional Subordinate Voting Shares from time to time. The exercise of one or more of these rights could result in significant dilution to holders of the Subordinate Voting Shares.

There may be adverse tax consequences associated with the Dividend.

Adverse tax consequences may arise with respect to the receipt, holding or disposing of the Spin-Out Shares distributed through the Dividend in addition to those discussed in "*Certain Canadian Federal Income Tax Considerations*". CSI Shareholders who intend to receive Spin-Out Shares should consult their own tax advisors regarding the application of Canadian federal income tax laws, as well as any other tax laws, regarding the tax consequences of such receipt.

Quantitative and Qualitative Disclosures about Market Risk

Interest rate risk.

The Company would face interest rate risk when interest rates change on any credit facilities. If we have borrowings under any such credit facility and interest rates rise, our cash flow will be negatively impacted because we will be required to pay out more interest on such credit facility. The uncertainty of outgoing cash flow from interest payments will increase our exposure to interest rate risk.

Inflation risk.

We do not believe that inflation has had a material effect on our business, financial condition or results of operations. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax consequences of the receipt, holding and disposition of the Spin-Out Shares to a holder who receives Spin-Out Shares pursuant to the Spin-Out and who, for the purposes of the Tax Act and at all relevant times, holds the Spin-Out Shares as capital property and deals at arm's length with, and is not affiliated with, the Company or CSI (a "**Holder**").

This summary is based on the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**"), and our understanding of the current administrative policies and practices of the Canada Revenue Agency (the "**CRA**") published in writing by it. This summary assumes that all such Tax Proposals will be enacted in their present form although there is no assurance that this will be the case. This summary does not otherwise take into account or anticipate any changes in law, whether by judicial, administrative or legislative decision or action, or changes in CRA's administrative policies and practices, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from those described herein. This summary is not exhaustive of all possible Canadian federal income tax consequences that may affect prospective Holders.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder of the Spin-Out Shares, and no representation with respect to the Canadian federal income tax consequences to any particular Holder is made. All Holders of the Spin-Out Shares are advised to consult their own tax advisors with respect to their particular circumstances.

Taxation of Resident Holders

The following is a discussion of the consequences under the Tax Act to a Holder who, for purposes of the Tax Act and at all relevant times, is resident or deemed to be resident in Canada (a "**Resident Holder**").

This summary is not applicable to a Resident Holder (i) that is a "specified financial institution", (ii) an interest in which is a "tax shelter investment", (iii) that is, for purposes of certain rules (referred to as the mark-to-market rules), a "financial institution", (iv) that reports its "Canadian tax results" in a currency other than Canadian currency, or (v) that has entered into or will enter into a "derivative forward agreement" with respect to the Resident Holder's common shares of CSI or the Spin-Out Shares, each of the foregoing as defined in the Tax Act. Any such Resident Holders should consult their own tax advisors with respect to the receipt, holding and disposition of Spin-Out Shares.

Additional considerations, not discussed herein, may be applicable to a Resident Holder that is a corporation resident in Canada that is or becomes, or does not deal at arm's length for the purposes of the Tax Act with a corporation resident in Canada that is or becomes, as part of a transaction or event or series of transactions or events that includes the receipt of the Spin-Out Shares, controlled by a non-resident person or group of non-resident persons not dealing with each other at arm's length, for the purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. Such Resident Holders should consult their own tax advisors with respect to the consequences of receiving Spin-Out Shares.

Spin-Out

A Resident Holder who receives Spin-Out Shares on the Spin-Out will be considered to have received a taxable dividend (the "**Spin-Out Dividend**") in an amount equal to the aggregate fair market value of the Spin-Out Shares so received. The adjusted cost base to a Resident Holder of the Spin-Out Shares received upon the Spin-Out Dividend will be equal to the aggregate fair market value of the Spin-Out Shares so received.

A Spin-Out Dividend received by a Resident Holder who is an individual will be included in computing the Resident Holder's income, subject to the gross-up and dividend tax credit rules normally applicable under the Tax Act to taxable dividends received from taxable

Canadian corporations. The Spin-Out Dividend could be eligible for the enhanced gross-up and dividend tax credit, if CSI designates the Spin-Out Dividend as an “eligible dividend”. There may be limitations on CSI’s ability to designate dividends as eligible dividends, and CSI has not committed to making such designation.

A Spin-Out Dividend received by a Resident Holder that is a corporation will be included in the corporation’s income and will generally be deductible in computing its taxable income, subject to all restrictions and limitations under the Tax Act. In certain circumstances subsection 55(2) of the Tax Act will treat a taxable dividend received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Such Resident Holders should consult their own tax advisors in this regard.

Certain corporations, including “private corporations” or “subject corporations” (as such terms are defined in the Tax Act) may also be liable to pay an additional tax under Part IV of the Tax Act (refundable in certain circumstances) to the extent that the dividend is deductible in computing taxable income.

Disposition of the Spin-Out Shares

A disposition or deemed disposition (other than to the Company) of the Spin-Out Shares by a Resident Holder will generally result in a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base to the Resident Holder of the Spin-Out Shares immediately before the disposition.

Taxation of Capital Gain or Capital Loss on the Spin-Out Shares

In general, one-half of a capital gain realized by a Resident Holder must be included in computing such Resident Holder’s income as a taxable capital gain. One-half of a capital loss must be deducted as an allowable capital loss against taxable capital gains realized in the year and any remainder may be deducted against net taxable capital gains in any of the three years preceding the year or any year following the year, to the extent and under the circumstances set out in the Tax Act.

The amount of any capital loss realized on the disposition or deemed disposition of a Spin-Out Share by a Resident Holder that is a corporation may be reduced by the amount of dividends received or deemed to have been received by it on such Spin-Out Share, to the extent and in the circumstances set out in the Tax Act. Similar rules may apply where a Resident Holder is a corporation that is a member of a partnership or beneficiary of a trust that owns Spin-Out Shares or that is itself a member of a partnership or a beneficiary of a trust that owns Spin-Out Shares.

Dividends on the Spin-Out Shares

Dividends on the Spin-Out Shares received by a Resident Holder who is an individual will be included in computing the Resident Holder’s income, subject to the gross-up and dividend tax credit rules normally applicable under the Tax Act to taxable dividends received from taxable Canadian corporations. Such dividend could be eligible for the enhanced gross-up and dividend tax credit if the Company designates the dividend as an “eligible dividend”. There may be limitations on the Company’s ability to designate dividends as eligible dividends, and the Company has not committed to make such designation.

The amount of a dividend, if any, on Spin-Out Shares received by a Resident Holder that is a corporation will be included in the corporation’s income and will generally be deductible in computing its taxable income, subject to all restrictions under the Tax Act. In certain circumstances subsection 55(2) of the Tax Act will treat a taxable dividend received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Such Resident Holders should consult their own tax advisors in this regard.

Certain corporations, including “private corporations” or “subject corporations” (as such terms are defined in the Tax Act) may also be liable to pay an additional tax under Part IV of the Tax Act on the dividend (refundable in certain circumstances) to the extent that the dividend is deductible in computing taxable income.

Alternative Minimum Tax

Capital gains realized and dividends received (or deemed to be received) by a Resident Holder who is an individual (including certain trusts) may result in such Resident Holder being liable for alternative minimum tax under the Tax Act. The 2022 Federal Budget (Canada) announced an intention (reaffirmed by the 2022 Fall Economic Statement (Canada)) to revise the minimum tax rules but no draft legislation has been released to date. Resident Holders who are individuals should consult their own tax advisors in this regard.

Additional Refundable Tax

A Resident Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" as defined in the Tax Act may be liable to pay an additional tax (refundable in certain circumstances) on its "aggregate investment income", which is defined in the Tax Act to include taxable capital gains and dividends or deemed dividends that are not deductible in computing taxable income. Pursuant to certain Tax Proposals, such additional tax may also apply to a Resident Holder that is a "substantive CCPC" (for purposes of the Tax Act and as defined in the Tax Proposals).

Taxation of Non-Resident Holders

The following is a discussion of the consequences under the Tax Act to a Holder who, for the purposes of the Tax Act and any applicable income tax treaty or convention and at all relevant times, is not resident and is not deemed to be resident in Canada and does not receive or hold their Spin-Out Shares in connection with a business carried on, or deemed to be carried on, in Canada (a "**Non-Resident Holder**"). This summary does not apply to a Non-Resident Holder that carries on an insurance business in Canada and elsewhere.

Spin-Out

A Non-Resident Holder who receives the Spin-Out Shares on the Spin-Out will be considered to have received a taxable dividend in an amount equal to the aggregate fair market value of the Spin-Out Shares so received. The dividend will be subject to Canadian federal withholding tax under Part XIII of the Tax Act at the rate of 25% of the amount of the dividend, subject to reduction under the terms of any applicable income tax treaty or convention. CSI will (or will arrange for market intermediaries to) comply with any withholding that may be required in accordance with applicable law.

Dividends on the Spin-Out Shares

Dividends paid or credited, or deemed to be paid or credited, on the Spin-Out Shares to a Non-Resident Holder will be subject to Canadian federal withholding tax at the rate of 25%, subject to any reduction in the rate of withholding to which the Non-Resident Holder is entitled under any applicable income tax treaty or convention.

Disposition of the Spin-Out Shares

A Non-Resident Holder will not be subject to tax under the Tax Act on any capital gain realized on a disposition of the Spin-Out Shares (other than to the Company) unless the Spin-Out Shares constitute "taxable Canadian property" of the Non-Resident Holder and any such capital gain is not exempt from tax by virtue of any applicable income tax treaty or convention between Canada and the country in which the Non-Resident Holder is resident.

Generally, a Spin-Out Share listed on a "designated stock exchange" (which currently includes the TSXV) will not constitute "taxable Canadian property" to a Non-Resident Holder at a particular time unless, at any time during the sixty-month period immediately preceding the particular time (a) one or any combination of (i) the Non-Resident Holder, (ii) persons with whom the Non-Resident Holder does not deal at arm's length, and (iii) partnerships in which the Non-Resident Holder or a person described in (ii) holds a membership interest directly or indirectly through one or more partnerships held 25% or more of the issued shares of any class or series in the capital stock of the Company; and (b) more than 50% of the fair market value of the Spin-Out Share was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource properties" or "timber resource properties" (both as defined in the Tax Act), and options in respect of, or interests in, or for civil law rights in, any such properties (whether or not such property exists).

In the event that the Spin-Out Shares do constitute "taxable Canadian property" to a particular Non-Resident Holder and a capital gain realized on the disposition of such Spin-Out Shares is not exempt from tax under the Tax Act by virtue of the terms of an income tax treaty or a convention between Canada and the country in which the Non-Resident Holder is resident, such Non-Resident Holder will realize a capital gain (or capital loss) generally in the circumstances and determined in the manner described above under "*Taxation of Resident Holders – Disposition of the Spin-Out Shares*" and under "*Taxation of Resident Holders – Taxation of Capital Gain or Capital Loss on the Spin-Out Shares*". Non-Resident Holders who may hold Spin-Out Shares as "taxable Canadian property" should consult their own tax advisors.

MATERIAL CONTRACTS

The following are our only material agreements that will be in effect on the closing of the Spin-Out or on the Acquisition Closing, as applicable, other than certain agreements entered into in the ordinary course of business:

(a) the Shareholders Agreement (see "*Governance of the Company*"); and

(b) the Services Agreement (see "*Governance of the Company – Services Agreement*").

Copies of the foregoing documents will be available following the closing of the Spin-Out, or the Acquisition Closing, as applicable, at www.sedar.com.

PROMOTERS

CSI is considered to be a "promoter" for the purposes of National Instrument 41-101 – *General Prospectus Requirements*, and information relating to CSI's involvement in the incorporation, funding and corporate organization of the Company is provided throughout this prospectus. Assuming the completion of the Pre-Closing Reorganization, the Spin-Out and the Acquisition, CSI will own, indirectly, 63,582,712 Preferred Shares, representing 100% of the issued and outstanding Preferred Shares, and a nominal number of Subordinate Voting Shares (as fractional shares will not be distributed to CSI Shareholders pursuant to the Dividend), representing less than 1% of the issued and outstanding Subordinate Voting Shares.

As at the date of this prospectus, or within the last two years of the date of this prospectus, no person who was a promoter of the Company has been a director, chief executive officer or chief financial officer of any person or company that (a) was subject to an order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer.

LEGAL PROCEEDINGS

We and our subsidiaries may be engaged in legal actions from time to time, arising in the ordinary course of business. None of these actions, individually or in the aggregate, are expected to have a material adverse effect on our consolidated financial position or results of operations.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than in connection with the Pre-Closing Reorganization, the Spin-Out, and the Acquisition as described in this prospectus, none of (i) the directors or executive officers of the Company, (ii) shareholders who beneficially own or control or direct, directly or indirectly, more than 10% of the Company's outstanding voting securities, or (iii) any Associate or Affiliate of the foregoing persons, had an interest in any transaction in which the Company has participated within the three years before the date of this prospectus, that has materially affected or is reasonably expected to materially affect the Company.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are KPMG LLP, Chartered Professional Accountants, Licensed Public Accountants, 333 Bay Street, Toronto, Ontario M5H 2S5. KPMG LLP are the external auditors of the Company and have confirmed that they are independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

The auditors of the Target are Deloitte & Touche LLP, 555 Mission St., Suite 1400, San Francisco, California, 94105. Deloitte & Touche LLP, an independent public accounting firm is independent with respect to the Target and its subsidiaries in accordance with relevant ethical requirements in the United States of America and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants, as stated in their report, appearing herein. Deloitte & Touche LLP is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada.

The transfer agent and registrar for the Spin-Out Shares is Computershare Investor Services Inc. at its principal transfer office in Toronto, Ontario.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

However, in light of the fact that the Subordinate Voting Shares are being distributed pursuant to the Spin-Out, we believe that these remedies are not available in the circumstances of this distribution.

AGENT FOR SERVICE OF PROCESS

Each of Robin van Poelje and Eric Mathewson has appointed Lumine Group Inc., located at 5060 Spectrum Way Suite 100, Mississauga, Ontario, L4W 5N5, as their respective agent for service of process in Ontario. It may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

EXEMPTIONS

Pursuant to a decision issued by the Autorité des marchés financiers dated November 11, 2022, the Company was granted relief from the requirement to translate into French the preliminary prospectus. This exemption was granted on the condition that the French language version of the final prospectus be filed concurrently with the English language version of the final prospectus. The French language version of the final prospectus has been filed concurrently with the English language version of the final prospectus.

Pursuant to an application made to the Ontario Securities Commission, as principal regulator, the Company has applied for and obtained exemptive relief from Item 32 (Financial Statement Disclosure for Issuers) of Form 41-101F1 – Information Required in a Prospectus, with respect to certain historical financial statements and management's discussion and analysis of certain predecessor entities of the Company, being business units within the Lumine Portfolio to be consolidated within the Company as part of the Pre-Closing Reorganization (and including any business units initially acquired by the Lumine Portfolio in the financial years ended December 31, 2022 and 2021 (the "**Recent Acquisitions**")), pursuant to Section 32.1(1)(a) of Form 41-101F1.

The Company has applied for exemptive relief with respect to these predecessor entities that will form the basis of the business of the Company, since the Company will not have existed for two years prior to the date of this prospectus.

In the application, the Company requested relief for the following reasons, among others:

- the Lumine Portfolio, as it will exist following the Pre-Closing Reorganization, should be considered the predecessor entity of the Company, since the Lumine Portfolio and all business units within the Lumine Portfolio consolidated pursuant to the Pre-Closing Reorganization on or prior to the Spin-Out are, and have been since the date of initial acquisition, under the common control of CSI.
- The Recent Acquisitions, both individually and in the aggregate, are not material having regard to the overall size and value of the Company.
- Due to the timing of the Recent Acquisitions, the impact of the Recent Acquisitions will be sufficiently reflected in the financial statements included in this prospectus.
- The additional disclosure of financial statements and management's discussion and analysis for one or more of the Recent Acquisitions would not add any additional meaningful disclosure.

The receipt of this prospectus will formally evidence that the requested relief has been granted.

GLOSSARY OF TERMS

"**Acquisition**" means the acquisition by Lumine Holdings of all of the shares of the Target.

"**Acquisition Closing**" means the closing of the Acquisition.

"**Acquisition Closing Date**" means the date on which the Acquisition closes.

"**Audit Committee**" means the audit committee of the Company's board of directors.

"**Bonus Plan**" has the meaning set out in "*Executive Compensation – Compensation Discussion and Analysis – Annual Incentive Bonus*".

"**Business**" means the business of the Company following completion of the Spin-Out and the Acquisition.

"**CDS**" has the meaning set out in "*The Spin-Out – Registration – CDS Clearing and Depositary Services Inc.".*

"**CGU**" has the meaning set out in "*Management's Discussion and Analysis – Fiscal 2021 Compared to Fiscal 2020 – Critical Accounting Estimates and Accounting Policies – Valuation of Identifiable Goodwill and Other Intangible Assets*".

"**CNHR Committee**" has the meaning set out in "*Executive Compensation – Compensation Discussion and Analysis – Objectives of the Company's Executive Compensation Program*".

"**Communications and Media**" means the industry that encompasses communications operators (fixed line, mobile, cable, satellite, other, offering one or more of voice, video, and data services to consumers and enterprises) and media businesses (content creators, TV and radio broadcasters, Over the Top (OTT) content streamers, publishers and others, providing linear and digital audio, TV, print, and mixed-media content primarily to consumers).

"**Company**" means Lumine Group Inc.

"**Company Group**" means the Company and its subsidiaries.

"**Company Shareholders**" means the holders of the Company Shares.

"**Company Shares**" means collectively, the Special Shares, Subordinate Voting Shares, the Super Voting Shares and the Preferred Shares.

"**Constellation Group**" means CSI and its affiliates.

"**CRA**" means the Canada Revenue Agency.

"**CSI**" means Constellation Software Inc.

"**CSI Common Shares**" means the common shares of CSI.

"**CSI Shareholders**" means the holders of common shares of CSI.

"**Dividend**" means the distribution of the Spin-Out Shares to the CSI Shareholders by way of a dividend-in-kind.

"**DPSP**" means a deferred profit sharing plan.

"**DRS**" has the meaning set out in "*The Spin-Out – Registration – Direct Registration System*".

"**FHSAs**" means first home savings accounts.

"**First Merger**" has the meaning set out in "*Acquisition of the Target – Acquisition Structure and Rollover".*

"**fully-diluted**" has the meaning set out in "*Description of Capital Structure*" or "*Governance of the Company*", as applicable.

"**Holder**" has the meaning set out in "*Certain Canadian Federal Income Tax Considerations*".

"**IFRS**" means International Financial Reporting Standards.

"**Initial Face Value**" has the meaning set out in "*Description of Capital Structure – Preferred Shares and Special Shares – Ranking and Priority*".

"**Liquidation**" has the meaning set out in "*Description of Capital Structure – Preferred Shares and Special Shares – Ranking and Priority*".

"**Listing**" means the listing of the Spin-Out Shares on the TSXV.

"**Lumine Holdings**" means Lumine Group (Holdings) Inc.

"**Lumine Portfolio**" has the meaning set out in "*Pre-Closing Reorganization*".

"**Majority Rollover Shareholders**" means Eric Mathewson and certain individual investors affiliated therewith.

"**Mandatory Conversion**" has the meaning set out in "*Description of Capital Structure – Preferred Shares and Special Shares – Redemption at the Option of the Company*".

"**Mandatory Conversion Date**" has the meaning set out in "*Description of Capital Structure – Preferred Shares and Special Shares – Redemption at the Option of the Company*".

"**MEEM**" has the meaning set out in "*Management's Discussion and Analysis – Fiscal 2021 Compared to Fiscal 2020 – Critical Accounting Estimates and Accounting Policies – Valuation of Identifiable Goodwill and Other Intangible Assets*".

"**Merger Agreement**" has the meaning set out in "*Acquisition of the Target – Overview*".

"**Merger Sub 1**" has the meaning set out in "*Acquisition of the Target – Overview".*

"**Merger Sub 2**" has the meaning set out in "*Acquisition of the Target – Overview*".

"**Merger Subs**" has the meaning set out in "*Acquisition of the Target – Overview*".

"**MI 52-110**" means Multilateral Instrument 52-110 – *Audit Committees*.

"**Minority Rollover Shareholders**" means certain pre-Acquisition stockholders of the Target.

"**MVNOs**" has the meaning set out in "*Business of the Company – Operating Groups – The Communications Operating Groups*".

"**Named Executive Officers**" means collectively, Mark Miller, Brian Beattie, and David Nyland.

"**Non-Resident Holder**" has the meaning set out in "*Certain Canadian Federal Income Tax Considerations – Taxation of Non-Resident Holders*".

"**Non-Rolling Shareholder Group**" has the meaning set out in "*Acquisition of the Target – Acquisition Structure and Rollover*".

"**NP 46-201**" has the meaning set out in "*Escrowed Securities*".

"**Participant**" means a participant in a depositary as defined in National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

"**Policy**" has the meaning set out in "*Governance of the Company – Disclosure, Confidentiality and Insider Trading Policy*".

"**Pre-Closing Reorganization**" has the meaning set out in "*Pre-Closing Reorganization*".

"**Preferred Share Conversion Right**" has the meaning set out in "*Description of Capital Structure – Preferred Shares and Special Shares – Conversion*".

"**Preferred Share Retraction Right**" has the meaning set out in "*Description of Capital Structure – Preferred Shares and Special Shares – Redemption at the Option of the Holder – Preferred Share Retraction Right*".

"**Preferred Shares**" means the preferred shares of the Company.

"**RDSP**" means a registered disability savings plan.

"**Record Date**" means the record date fixed by the board of directors of CSI in respect of the Dividend.

"**Registered Plans**" means collectively, TFSAs, RRSPs, DPSPs, RRIFs, RESPs and RDSPs.

"**Resident Holder**" has the meaning set out in "*Certain Canadian Federal Income Tax Considerations – Taxation of Resident Holders*".

"**RESP**" means a registered education savings plan.

"**ROIC**" means return on invested capital.

"**Rollover Agreements**" has the meaning set out in "*Acquisition of the Target – Acquisition Structure and Rollover*".

"**Rollover Shareholder Group**" means the Majority Rollover Shareholders and the Minority Rollover Shareholders.

"**Rollovers**" has the meaning set out in "*Acquisition of the Target – Acquisition Structure and Rollover*".

"**RRIF**" means a registered retirement income fund.

"**RRSP**" a registered retirement savings plan.

"**Second Merger**" has the meaning set out in "*Acquisition of the Target – Acquisition Structure and Rollover*".

"**Services Agreement**" has the meaning set out in "*Governance of the Company – Services Agreement*".

"**Shareholders Agreement**" has the meaning set out in "*Description of Capital Structure".*

"**Significant Shareholders**" has the meaning set out in "*Description of Capital Structure*".

"**Special Share Conversion Right**" has the meaning set out in "*Description of Capital Structure – Preferred Shares and Special Shares – Conversion*".

"**Special Share Retraction Right**" has the meaning set out in "*Description of Capital Structure – Preferred Shares and Special Shares – Redemption at the Option of the Holder – Special Share Retraction Right*".

"**Special Shares**" means the special shares of the Company.

"**Spin-Out**" means the spin-out transaction described in this prospectus.

"**Spin-Out Dividend**" has the meaning set out in "*Certain Canadian Federal Income Tax Considerations – Taxation of Resident Holders – Spin-Out*".

“**Spin-Out Shares**” means the 63,582,712 Subordinate Voting Shares to be distributed to the CSI Shareholders (subject to rounding down to eliminate fractional shares) by way of the Dividend.

“**Subordinate Voting Shares**” means the subordinate voting shares of the Company.

“**Super Voting Shares**” means the super voting shares of the Company.

“**Target**” means WideOrbit Inc.

“**Target Price**” has the meaning set out in “*Description of Capital Structure – Preferred Shares and Special Shares – Redemption at the Option of the Company*”.

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder.

“**TFSA**” means a tax free savings account.

“**Trading**” means the trading of the Spin-Out Shares on the TSXV.

“**Trapeze**” means Trapeze Software ULC.

“**TSX**” means the Toronto Stock Exchange.

“**TSXV**” means the TSX Venture Exchange.

“**U.S. Securities Act**” means the *U.S. Securities Act of 1933*, as amended.

“**VMS**” means vertical market software.

“**Volaris**” means Volaris Group Inc., an indirect wholly-owned subsidiary of CSI.

“**Volaris Operating Group**” means the Volaris operating group of CSI.

“**Wiztivi**” means Wiztivi SAS.

INDEX TO FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

LUMINE GROUP INC.

AUDITED STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 3, 2022

See attached.

Financial Statements
(In USD)

Lumine Group Inc.

As at September 3, 2022

KPMG LLP
Bay Adelaide Centre
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Toronto ON M5H 2S5
Canada
Tel 416-777-8500
Fax 416-777-8818

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Lumine Group Inc.

Opinion

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

- the statement of financial position as at September 3, 2022
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial position of the Entity as at September 3, 2022 in accordance with International Financial Reporting Standards (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.

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

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

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

In preparing the financial statement, 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 statement as a whole is 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 statement, 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.

KPMG

- 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 auditor's report to the related disclosures in the financial statement 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 statement, including the disclosures, and whether the financial statement represents 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

February 5, 2023

Lumine Group Inc.

Statement of Financial Position

	September 3, 2022
Assets	
Current assets:	
Receivable from Constellation Software Inc.	0.0001
Total Assets	0.0001
Shareholders' Equity	
Shareholders' Equity:	
Common share	0.0001
	0.0001
Total shareholders' equity	0.0001

See accompanying notes to the financial statements.

1. Incorporation and basis of preparation

Lumine Group Inc. (the “Company”) was incorporated pursuant to the Business Corporations Act (Ontario) on September 3, 2022, with one common share issued to Trapeze Software ULC (“Trapeze”), a wholly owned subsidiary of Constellation Software Inc. (“CSI”). The Company is incorporated and domiciled in Canada. The address of its registered office is 5060 Spectrum Way, Suite 100, Mississauga, Ontario, Canada. The Company has not commenced operations.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

These financial statements were approved by the Board of Directors on February 5, 2023.

2. Shareholder’s Equity

The Company is authorized to issue an unlimited number of common shares. The Company has issued one common share to Trapeze Software ULC, a wholly owned subsidiary of Constellation Software Inc. for a subscription price of $0.0001. Holders of the common share are entitled to one vote per common share at meetings of shareholders of the Company, to receive dividends if, as and when declared by the Board of Directors and to receive pro rata the remaining property and assets of the company upon its dissolution or winding-up.

3. Subsequent Events

On December 12, 2022, Lumine Group (Holdings) Inc. (“Lumine Holdings”), a subsidiary of Trapeze Software ULC, entered into an agreement to acquire 100% of the shares of WideOrbit Inc. (“WideOrbit”), subject to regulatory approvals and closing conditions (the “Acquisition”). WideOrbit is a software business that primarily operates in the advertising market for cable networks, local television stations and radio stations.

Lumine Portfolio (“Lumine”) is a global portfolio of communications and media software companies and currently operates as a division of Trapeze. On December 31, 2022, CSI completed a corporate reorganization (the “Reorganization”) pursuant to which Lumine Holdings acquired a controlling interest in all of the entities that comprise Lumine. Prior to the closing of the Acquisition, Lumine Holdings and the Company will undergo an amalgamation (the “Amalgamation”) with the resulting entity being the Company. The Reorganization and Amalgamation described above are together referred to as the Combination.

The purchase price for the Acquisition is $490,000 and will be funded through a combination of cash, payment of debt, and issuance of special shares (“Special Shares”) of the Company. Pursuant to the terms of the acquisition agreement, WideOrbit completed its election process allowing eligible shareholders of WideOrbit to rollover a portion of their WideOrbit common shares into Special Shares of the Company. The Special Shares will carry voting rights equivalent to subordinate voting shares (“Subordinate Voting Shares”), with a cumulative dividend entitlement of 5% per annum and can be converted to Subordinate Voting Shares at a pre-determined ratio. The holders of the Special Shares are entitled to redeem some or all of their shares and receive an amount of cash equal to the initial equity value of the Special Shares, plus one Subordinate Voting Share for each Special Share redeemed.

In conjunction with the Combination and Acquisition, the Company will reorganize its share capital and issue 1 super voting share (the “Super Voting Share”), 63,582,712 preferred shares (the “Preferred Shares”) and 63,582,712 Subordinate Voting Shares to CSI. CSI will then distribute the Subordinate

Voting Shares to its shareholders pursuant to a dividend-in-kind. The TSX Venture Exchange (“TSXV”) has conditionally approved the listing of these Subordinate Voting Shares on the TSXV. The Preferred Shares issued to CSI are non-voting and are entitled to an annual dividend of 5% and are convertible into Subordinate Voting Shares at a pre-determined ratio. The holders of the Preferred Shares are entitled to redeem some or all of their shares and receive an amount of cash equal to the initial equity value of the Preferred Shares.

Holders of Subordinate Voting Shares and the Super Voting Share 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 are entitled to one vote 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.

LUMINE GROUP INC.

UNAUDITED PRO FORMA BALANCE SHEET AS AT SEPTEMBER 30, 2022, PRO FORMA INCOME STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021 AND THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022

See attached.

Pro Forma Condensed Combined Financial Statements

(In USD)

Lumine Group Inc.

As at and for the nine months ended September 30, 2022 and
For the year ended December 31, 2021
Unaudited

Lumine Group Inc.

Pro Forma Condensed Combined Statement of Financial Position

As of September 30, 2022

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

Unaudited

	Lumine Group Inc.	Lumine Portfolio	WideOrbit Inc.	Pro Forma Adjustments	Note	Pro Forma Combined
Assets						
Current assets:						
Cash	$ -	$ 34,377	$ 16,100	$ (6,100)	5(a)	$ 44,377
Accounts receivable	-	46,033	12,189	(365)	5(b)	57,857
Unbilled revenue	-	11,395	16,073	(400)	5(c)	27,068
Inventories	-	41	689	-		730
Due from related parties	-	19,266	-	-		19,266
Other assets	-	23,225	8,716	-		31,941
	-	134,337	53,767	(6,865)		181,239
Non-current assets:						
Property and equipment	-	2,609	980	(654)	5(d)	2,935
Right of use assets	-	4,636	6,756	3,227	5(n)	14,619
Deferred income taxes	-	6,077	10,999	(1,290)	5(e)	15,786
Other assets	-	8,856	7,981	-		16,837
Intangible assets	-	173,280	1,477	563,654	5(f)	738,411
Goodwill	-	-	7,092	37,809	5(g)	44,901
	-	195,458	35,285	602,747		833,490
Total assets	$ -	$ 329,795	$ 89,052	$ 595,882		$ 1,014,729
Liabilities and Shareholders' Equity						
Current liabilities:						
Accounts payable and accrued liabilities	$ -	$ 49,482	$ 19,526	$ 9,104	5(h)	$ 78,112
Deferred revenue	-	55,501	9,391	-		64,892
Acquisition holdback payables	-	769	-	-		769
Lease obligations	-	1,985	3,673	-		5,658
Current portion of term loan & credit facility	-	-	952	(952)	5(a)	-
Income taxes payable	-	10,197	808	-		11,005
Preferred and special shares liability	-	-	-	1,603,939	5(i),(j)	1,603,939
	-	117,934	34,350	1,612,091		1,764,375
Non-current liabilities:						
Deferred income taxes	-	29,483	-	146,934	5(k)	176,417
Lease obligations	-	4,243	6,310	-		10,553
Term loan	-	-	108,926	(108,926)	5(a)	-
Related party note payable	-	-	-	93,778	5(a)	93,778
Other liabilities	-	12,262	8,406	(7,192)	5(m)	13,476
	-	45,988	123,642	124,594		294,224
Total liabilities	-	163,922	157,992	1,736,685		2,058,599
Shareholders' Equity:						
Capital stock	-	164,651	7,097	(7,097)	5(l)	164,651
Other equity	-	-	-	(1,200,639)	5(j)	(1,200,639)
Accumulated other comprehensive income (loss)	-	(19,352)	(121)	121	5(l)	(19,352)
Retained earnings (deficit)	-	20,574	(75,916)	66,812	5(l),(h)	11,470
	-	165,873	(68,940)	(1,140,803)		(1,043,870)
Total liabilities and shareholders' equity	$ -	$ 329,795	$ 89,052	$ 595,882		$ 1,014,729

Lumine Group Inc.

Pro Forma Condensed Combined Statement of Income

For the nine months ended September 30, 2022

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

Unaudited

	Lumine Group Inc.	Lumine Portfolio	WideOrbit Inc.	Pro Forma Adjustments	Note	Pro Forma Combined
Revenue						
License	$ -	$ 27,282	$ 1,630	$ -		$ 28,912
Professional services	-	37,723	2,961	-		40,684
Hardware and other	-	5,605	3,156	-		8,761
Maintenance and other recurring	-	116,852	116,423	-		233,275
	-	187,462	124,170	-		311,632
Expenses						
Staff	-	97,938	58,257	-		156,195
Hardware	-	3,395	4,803	-		8,198
Third party license, maintenance and professional services	-	8,138	13,220	-		21,358
Occupancy	-	1,720	2,426	-		4,146
Travel, telecommunications, supplies, software and equipment	-	8,197	888	-		9,085
Professional fees	-	6,006	11,974	-		17,980
Other, net	-	1,172	2,164	-		3,336
Depreciation	-	4,165	501	481	5(t)	5,147
Amortization of intangible assets	-	22,543	362	34,655	5(o)	57,560
	-	153,274	94,596	35,136		283,006
Redeemable preferred and special shares expense (income)	-	-	-	60,148	5(p)	60,148
Finance and other expenses (income)	-	(1,244)	16,103	(13,326)	5(q)	1,534
	-	(1,244)	16,103	46,822		61,681
Income (loss) before income taxes	-	35,432	13,471	(81,958)		(33,055)
Current income tax expense (recovery)	-	13,630	823	2,886	5(r)	17,339
Deferred income tax expense (recovery)	-	(6,683)	2,715	(9,105)	5(s)	(13,072)
Income tax expense (recovery)	-	6,947	3,539	(6,219)		4,267
Net income (loss)	$ -	$ 28,485	$ 9,932	$ (75,739)		$ (37,322)
Weighted average shares outstanding						
Basic	1				6	63,582,712
Diluted	1				6	253,104,971
Earnings (loss) per share						
Basic	$ -				6	$ (0.59)
Diluted	$ -				6	$ (0.59)

Lumine Group Inc.

Pro Forma Condensed Combined Statement of Income

For the year ended December 31, 2021

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

Unaudited

	Lumine Group Inc.	Lumine Portfolio	WideOrbit Inc.	Pro Forma Adjustments	Note	Pro Forma Combined
Revenue						
License	$ -	$ 36,745	$ 1,418	$ -		$ 38,163
Professional services	-	49,836	7,425	-		57,261
Hardware and other	-	8,969	1,974	-		10,943
Maintenance and other recurring	-	132,806	155,777	-		288,583
	-	228,356	166,595	-		394,951
Expenses						
Staff	-	120,092	77,101	-		197,193
Hardware	-	5,166	5,322	-		10,488
Third party license, maintenance and professional services	-	10,344	18,394	-		28,738
Occupancy	-	2,102	6,225	-		8,327
Travel, telecommunications, supplies, software and equipment	-	8,002	512	-		8,514
Professional fees	-	3,203	12,119	9,104	5(h)	24,426
Other, net	-	10,484	1,811	-		12,295
Depreciation	-	5,161	323	641	5(t)	6,125
Amortization of intangible assets	-	25,521	708	45,981	5(o)	72,211
	-	190,075	122,517	55,726		368,318
Redeemable preferred and special shares expense (income)	-	-	-	80,197	5(p)	80,197
Finance and other expenses (income)	-	744	(13,323)	(20,960)	5(q)	(33,539)
	-	744	(13,323)	59,237		46,658
Income (loss) before income taxes	-	37,537	57,401	(114,964)		(20,026)
Current income tax expense (recovery)	-	10,829	3,721	4,814	5(r)	19,363
Deferred income tax expense (recovery)	-	(759)	11,151	(12,139)	5(s)	(1,747)
Income tax expense (recovery)	-	10,070	14,872	(7,326)		17,616
Net income (loss)	$ -	$ 27,467	$ 42,529	$ (107,638)		$ (37,642)
Weighted average shares outstanding						
Basic	1				6	63,582,712
Diluted	1				6	253,104,971
Earnings (loss) per share						
Basic	$ -				6	$ (0.59)
Diluted	$ -				6	$ (0.59)

1. Description of the Reporting Entity and Transactions

Lumine Group Inc. (the "Company") is an entity domiciled in Canada. The Company was incorporated pursuant to the Business Corporations Act (Ontario) on September 3, 2022 as an indirect wholly-owned subsidiary of Constellation Software Inc. ("CSI") (TSX:CSU), its ultimate parent. References to CSI in these pro forma combined financial statements refer to CSI and its subsidiaries. The address of the Company's registered office is 5060 Spectrum Way, Suite 100, Mississauga, ON, L4W 5N5. The Company has not commenced operations.

On December 12, 2022, the Company entered into an agreement to acquire 100% of the shares of WideOrbit Inc. ("WideOrbit"), subject to regulatory approvals and closing conditions (the "Acquisition"). The gross purchase price of $490,000 is subject to customary adjustments, as a result of but not limited to minimum cash requirements of $10,000, target net indebtedness of $86,700, and claims under the representations and warranties of the agreement. The gross purchase price will be funded through a combination of cash, payment of debt, and issuance of special shares ("Special Shares") in the Company. The Company is in the process of negotiating terms and conditions with third-party financial institutions to fund the Acquisition. In absence of third-party loans, the Company will obtain a term loan from CSI.

Lumine Portfolio ("Lumine") is a global portfolio of communications and media software companies and currently operates as a division of Volaris Group ("Volaris"), a subsidiary of CSI. Lumine's financial statements are presented on a combined basis as it does not constitute a group of legal entities. Lumine is controlled by CSI, the Company's ultimate parent company and controlling shareholder. On December 31, 2022, CSI completed a corporate reorganization (the "Reorganization") pursuant to which Lumine Group (Holdings) Inc. ("Lumine Holdings"), a subsidiary within Lumine, acquired a controlling interest in all of the entities that comprise Lumine. Prior to the closing of the Acquisition, Lumine Holdings and the Company will then undergo an amalgamation (the "Amalgamation") with the resulting entity being the Company. The Reorganization and Amalgamation described above are together referred to as the Combination. The Combination is completed between entities under common control and the Company has recorded the Combination at the carrying value of the net assets as at September 30, 2022 in these pro forma financial statements.

The following unaudited pro forma condensed combined financial statements (the "Pro Forma Financial Statements") are based on the historical financial statements of the Company, as adjusted to reflect the Acquisition and the Combination (collectively, the "Transactions"). For purposes of these Pro Forma Financial Statements, the Company was considered to have been incorporated at January 1, 2021 and September 30, 2022 for the statements of operations and the statement of financial position, respectively, as described below.

2. Basis of Presentation

The Pro Forma Financial Statements have been prepared to give effect to the incorporation of the Company and the Transactions. The pro forma statement of financial position gives effect to the Company's incorporation and the Transactions as if they had occurred on September 30, 2022. The pro forma statement of income for the year ended December 31, 2021 and the interim pro forma statement of income for the nine months ended September 30, 2022 give effect to the Company's incorporation and the Transactions as if they had occurred on January 1, 2021.

The Pro Forma Financial Statements have been prepared using, and should be read in conjunction with, the following information:

(a) The audited financial statements of the Company as at September 3, 2022;
(b) The unaudited condensed combined financial statements of Lumine as at September 30, 2022 and for the nine months ended September 30, 2022 and 2021;

(c) The audited combined financial statements of Lumine as at and for the years ended December 31, 2021 and 2020;
(d) The unaudited condensed consolidated financial statements of WideOrbit as at September 30, 2022 and for the nine months ended September 30, 2022 and 2021;
(e) The audited consolidated financial statements of WideOrbit as at and for the years ended December 31, 2021 and 2020.

The historical information of the Company, Lumine and WideOrbit has been prepared in accordance with International Financial Reporting Standards (IFRSs), issued by the International Accounting Standards Board (“IASB”). The historical financial statements described have been adjusted to give effect to pro forma events that are directly attributable to the Transactions and factually supportable.

The Company’s accounting policies used in the preparation and presentation of the Pro Forma Financial Statements are consistent with those used by Lumine in the preparation of its audited combined financial statements for the years ended December 31, 2021 and 2020 and as described therein. In the financial statements of WideOrbit used to prepare the Pro Forma Financial Statements, certain historical amounts of WideOrbit were reclassified to conform to the Company’s financial statement presentation. As a result, the Pro Forma Financial Statements do not conform with the financial statements of WideOrbit included in this prospectus.

The Pro Forma Financial Statements do not include any anticipated financial benefits from such items as costs savings, operating synergies or revenue enhancements that the combined company may achieve arising from the Transactions and have been prepared for informational purposes only. The Pro Forma Financial Statements are not necessarily indicative of the results of operations that would have resulted had the Transactions been affected on January 1, 2021, or the results that may be obtained in the future. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

The Pro Forma Financial Statements have been prepared using the acquisition method of accounting in accordance with IFRS 3, Business Combinations (“IFRS 3”) to reflect the Acquisition. The pro forma adjustments are determined based on currently available financial information and assumptions. Management of the Company believes that such assumptions provide a reasonable basis for presenting all of the significant effects of the transaction and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma financial statements. However, certain estimates and assumptions require information available only at the acquisition date and therefore certain valuations are provisional and subject to change.

Under the acquisition method of accounting, the estimated fair value of the underlying tangible and intangible assets acquired and liabilities assumed is determined as of the date of the acquisition. Any excess purchase consideration is allocated to goodwill. We have commenced the process necessary to estimate the fair values of the tangible and intangible assets acquired and liabilities assumed at the closing date of the Acquisition. When we complete the necessary steps to finalize the acquisition accounting, the final recognition and measurement of assets acquired, liabilities assumed, and goodwill will be determined. The final acquisition accounting may be different than that reflected in the unaudited pro forma financial statements and those differences may be material.

The Pro Forma Financial Statements have been prepared to reflect the Combination as a transfer of net assets at the carrying value on the basis that the entities subject to the corporate reorganization under the Combination are under common control of CSI.

3. Description of the Combination

On December 31, 2022, CSI completed the Reorganization pursuant to which Lumine Holdings acquired a controlling interest in all of the entities that comprise Lumine. Lumine Holdings is controlled by CSI, the Company’s parent company and controlling shareholder. The Combination is completed between entities under common control and the Company has recorded the Combination at the carrying value of the net assets in these pro forma financial statements.

(In thousands of U.S. dollars, except per share amounts and as otherwise indicated)

In conjunction with the Combination and Acquisition, CSI will exchange its existing one common share in the Company, for one super voting share of the Company (the "Super Voting Share"). The Company will issue 63,582,712 preferred shares (the "Preferred Shares") and 63,582,712 subordinate voting shares (the "Subordinate Voting Shares") to CSI. CSI will then distribute the Subordinate Voting Shares to its shareholders pursuant to a dividend-in-kind. The TSX Venture Exchange ("TSXV") has conditionally approved the listing of these Subordinate Voting Shares on the TSXV. The Preferred Shares issued to CSI are non-voting and are entitled to an annual dividend of 5% and are convertible into Subordinate Voting Shares at a pre-determined ratio. The holders of the Preferred Shares are entitled to redeem some or all of their shares and receive an amount of cash or Subordinate Voting Shares equal to the initial fair value of the Preferred Shares. The Preferred Shares are expected to be recognized as a financial liability, subject to mark-to-market fair value adjustments, given their redemption rights and characteristics.

4. Description of the Acquisition

On December 12, 2022, the Company entered into an agreement to acquire 100% of the shares of WideOrbit, subject to regulatory approvals and closing conditions. The gross purchase price of $490,000 is subject to customary adjustments, as a result of, but not limited to, minimum cash requirements of $10,000, target net indebtedness of $86,700, and claims under the representations and warranties of the agreement. Excess cash will be used to repay indebtedness prior to the closing. The Company has the ability to reduce the cash portion of the purchase consideration by $10,000 for net indebtedness up to $96,700. If net indebtedness is greater than $96,700, excess repayment would be funded by the Company and added to the gross purchase price. As of September 30, 2022, WideOrbit had net indebtedness of $103,778 after repayment of $6,100 using excess cash, thus resulting in a gross purchase price of $497,078, as described below. The Company is in the process of negotiating terms and conditions with third-party financial institutions to fund the Acquisition. In absence of third-party loans, the Company will obtain a term loan from CSI. The Pro Forma Financial Statements reflects funding obtained from CSI in the form of a related party note payable of $93,778 with a 5-year term and 4% interest rate. Related pro forma adjustments are described in notes 5(a) and 5(p)(i).

The purchase price consists of $274,365 of cash consideration, including $181,485 as required by the agreement less a $10,000 adjustment for net indebtedness at the pro forma date and $103,778 for the repayment of existing debt. The remaining $221,815 of the purchase price will be settled as equity consideration in the form of Special Shares in the Company. Pursuant to the terms of the merger agreement, WideOrbit completed its election process allowing eligible shareholders of WideOrbit to rollover a portion of their WideOrbit common shares into Special Shares of the Company. The Special Shares will carry voting rights equivalent to Subordinate Voting Shares with a cumulative dividend entitlement of 5% per annum and can be converted to Subordinate Voting Shares at a pre-determined ratio. The holders of the Special Shares are entitled to redeem some or all of their shares and receive an amount of cash or Subordinate Voting Shares equal to the initial equity value of the Special Shares, plus one Subordinate Voting Share for each Special Share redeemed. The Special Shares are considered a debt instrument given their redemption rights and characteristics.

Cash proceeds paid to WideOrbit shareholders	$	171,485
Settlement of WideOrbit net indebtedness		103,778
Issuance of Special Shares to WideOrbit		221,815
Gross purchase price		497,078

WideOrbit primarily operates in the advertising market for cable networks, local television stations and radio stations, and is a software business similar to certain existing businesses owned and operated by Lumine. The acquisition has been accounted for using the acquisition method with the results of operations included in these pro forma statements of income for the year ended December 31, 2021 and the nine months ended September 30, 2022 giving effect to the Acquisition as if it were completed on January 1, 2021.

(In thousands of U.S. dollars, except per share amounts and as otherwise indicated)

The pro forma financial statements present the estimated fair value of the net assets acquired as part of the acquisition based on WideOrbit's statement of financial position as at September 30, 2022. The amounts determined on a provisional basis generally relate to the recognition and measurement of the intangible assets acquired and assumed liabilities, including acquired contract liabilities.

The following represents the preliminary acquisition accounting applied in connection with the Acquisition as at September 30, 2022:

Pro Forma Purchase Price Allocation		
Cash	$	10,000
Accounts receivable		11,824
Other current assets		25,078
Property and equipment		326
Other non-current assets		17,964
Deferred income tax assets		9,709
Technology assets		253,837
Customer assets		311,294
	$	640,033
Current liabilities	$	24,007
Deferred revenue		9,391
Deferred income tax liabilities		146,934
Other non-current liabilities		7,524
	$	187,856
Goodwill		44,901
Total Consideration	$	497,078

The above represents management's preliminary assessment of the fair values of assets acquired and liabilities assumed based on best estimates considering all relevant information available. Management has gathered information available to estimate the allocation of the purchase price between acquired net assets and intangibles. These estimates are subject to change upon completion of the Acquisition and the associated information available at such time. As such, the final allocation of the purchase price may vary significantly from the amounts above.

5. Pro Forma Assumptions and Adjustments

Certain adjustments have been reflected in the Pro Forma Financial Statements to illustrate the effects of acquisition accounting where the impact could be reasonably estimated.

(In thousands of U.S. dollars, except per share amounts and as otherwise indicated)

Lumine completed a number of acquisitions during the year ended December 31, 2021. Since there were no acquisitions that were deemed to be individually significant, the Company has excluded these acquisitions from pro forma adjustments.

Pro Forma Consolidated Statement of Financial Position as of September 30, 2022

a) A decrease in cash of $6,100 and in term loan of $109,878 related to repayment of WideOrbit's third-party debt immediately prior to closing the Acquisition as contemplated in the merger agreement. The debt is paid down with two sources of funding: excess cash of $6,100 from WideOrbit and cash obtained through long-term borrowings from CSI. The following table details the aggregate cash funding from CSI, which is fully utilized for the Acquisition, resulting in a net decrease in cash of $6,100.

Related Party Note Payable to CSI	$ 93,778
Issuance of Preferred Shares to CSI in exchange for cash	181,485
Total cash received by the Company from CSI	275,263

b) A decrease in accounts receivable of $365 to adjust for the fair value of acquired accounts receivable as part of the Company's provisional acquisition accounting related to the acquisition of WideOrbit.

c) A decrease in unbilled revenue of $400 to adjust for the fair value of acquired unbilled revenue as part of the Company's provisional acquisition accounting related to the acquisition of WideOrbit.

d) A decrease in property and equipment of $654 to adjust for the fair value of acquired property and equipment as part of the Company's provisional acquisition accounting related to the acquisition of WideOrbit.

e) A decrease of $1,290 in deferred income tax assets to adjust for the fair value of the acquired deferred income taxes as part of the Company's provisional acquisition accounting related to the acquisition of WideOrbit. The reduction relates to deferred income tax assets related to intangible assets and non-capital loss carryforwards which are not expected to be recoverable upon the Acquisition.

f) An increase in intangible assets of $563,654 which consists of:

    i. An increase in intangible assets of $565,131 comprised of technology assets and customer assets related to the Acquisition.

    ii. A decrease in intangible assets of $1,477 to eliminate the intangible assets acquired by WideOrbit in prior periods. This adjustment was made as the fair value of these acquired intangible assets is included in the estimated fair value of the acquired intangible assets determined as part of the Company's provisional acquisition accounting related to the acquisition of WideOrbit.

g) An increase in goodwill of $37,809 which consists of:

    i. An increase in goodwill of $44,901 related to the Acquisition.

    ii. A decrease in goodwill of $7,092 to eliminate the goodwill acquired by WideOrbit in prior periods. This adjustment was made as the fair value of the acquired goodwill is included in the estimated fair value of the acquired goodwill determined as part of the Company's provisional acquisition accounting related to the acquisition of WideOrbit.

h) Transaction costs of $9,104 which comprise of estimated costs related to the Transactions and the costs associated with preparing to have the Company's Subordinate Voting Shares publicly listed. The corresponding charge is reflected in retained earnings.

i) An increase in Preferred Shares liability of $1,382,124 related to the shares issued to CSI. Of the total value of preferred shares issued to CSI, $181,485 is issued in exchange for cash from CSI. The Preferred Shares are recognized as a financial liability given their redemption rights and characteristics. The remaining Preferred Shares of $1,200,639, issued as consideration for the transfer of Lumine as described in note 3 above, are recorded with a corresponding charge to other equity.

j) An increase in Special Shares liability of $221,815 related to the shares issued to WideOrbit as consideration described in note 4. The Special Shares are considered a debt instrument given their redemption rights and characteristics.

k) An increase of $146,934 in deferred tax liabilities related to the setup of intangible assets from the acquisition of WideOrbit.

l) The elimination of WideOrbit's existing equity to reflect the consolidation of equity interests with the Company.

m) A decrease in warrant liabilities associated with settling the Warrant Purchase Agreement between WideOrbit and its lenders as part of the Acquisition.

n) An increase in right of use assets of $3,227 to adjust for the fair value of acquired lease arrangements as part of the Company's provisional acquisition accounting related to the acquisition of WideOrbit.

Pro Forma Consolidated Statements of Income for Nine Months Ended September 30, 2022 and Year Ended December 31, 2021

o) An increase in amortization of intangible assets expense of $34,655 for the nine months ended September 30, 2022 ($45,981 for the year ended December 31, 2021) which consists of:

   i. An increase in the amortization of intangible assets expense of $35,017 for the nine months ended September 30, 2022 ($46,690 for the year ended December 31, 2021) to adjust for the estimated fair value of the acquired technology assets and customer assets determined as part of the Company's provisional acquisition accounting related to the acquisition of WideOrbit. These assets are expected to be amortized on a straight-line basis over an average of 14 years.

   ii. A decrease in the amortization of intangible assets expense of $362 for the nine months ended September 30, 2022 ($708 for the year ended December 31, 2021) to eliminate the amortization of intangible assets acquired by WideOrbit in prior periods. This adjustment was made as the fair value of these acquired intangible assets is included in the estimated fair value of the acquired intangible assets determined as part of the Company's provisional acquisition accounting related to the acquisition of WideOrbit.

p) An expense of $60,148 for the nine months ended September 30, 2022 ($80,197 for the year ended December 31, 2021) related to the 5% dividend coupon on the Preferred Shares and Special Shares liability.

q) A decrease in finance and other expense of $13,326 for the nine months ended September 30, 2022 ($20,960 for the year ended December 31, 2021) which consists of:

(In thousands of U.S. dollars, except per share amounts and as otherwise indicated)

i. A decrease in finance expense of $11,100 for the nine months ended September 30, 2022 ($18,515 for the year ended December 31, 2021) on loans and borrowings, assuming the Acquisition had occurred on January 1, 2021 at which time WideOrbit's existing debt was fully repaid and replaced by a related party debt from CSI at a lower interest rate.

ii. A decrease in the warrant expense of $2,226 for the nine months ended September 30, 2022 ($2,445 for the year ended December 31, 2021) in relation to the warrant purchase agreement between WideOrbit and its lenders, assuming the transaction had occurred on January 1, 2021 at which time the warrant liability was fully repaid on the transaction date.

iii. For the year ended December 31, 2021, WideOrbit recorded a gain of $40,368 on disposal of the Streaming and On Demand product businesses. This was not adjusted for in these Pro Forma Financial Statements.

r) An increase in current income tax expense of $2,886 for the nine months ended September 30, 2022 ($4,814 for the year ended December 31, 2021) related to the reduction in finance expenses from replacing WideOrbit's existing debt with a related party debt from CSI.

s) A decrease in deferred income tax expense of $9,105 for the nine months ended September 30, 2022 ($12,139 for the year ended December 31, 2021) related to the future tax benefit of deduction of acquired technology assets and customers assets.

t) An increase in depreciation expense for right-of-use assets of $481 for the nine months ended September 30, 2022 ($641 for the year ended December 31, 2021) as a result of the fair value adjustment to the acquired lease arrangements as part of the Company's provisional acquisition accounting related to the acquisition of WideOrbit.

6. Pro Forma Earnings per Share

The Company has reflected the Combination and Acquisition as if it had occurred on the starting date of the earliest period presented for purposes of the Company's basic and diluted earnings per share calculation. The following tables present a calculation of the components used in the calculation of basic and diluted net earnings per share on a pro forma basis for the nine months ended September 30, 2022 and the year ended December 31, 2021. Lumine does not have outstanding capital, and therefore earnings per share calculation does not apply.

	For the nine months ended September 30 ,2022	For the year ended December 31, 2021
Basic		
Net income (loss)	(37,322)	(37,642)
Basic weighted average shares	63,582,712	63,582,712
Basic earnings per share	(0.59)	(0.59)
Diluted		
Net income (loss)	(37,322)	(37,642)
Add: Redeemable Preferred Shares and Special Shares expense	60,148	80,197
Net income (loss) before Redeemable Preferred Shares and Special Shares expense	22,826	42,555
Diluted weighted average shares	253,104,971	253,104,971

(In thousands of U.S. dollars, except per share amounts and as otherwise indicated)

Diluted earnings per share	(0.59)	(0.59)

On a fully diluted basis, there are 253,104,971 shares outstanding however 189,522,259 shares are excluded from the calculation of diluted earnings per share as they are anti-dilutive, thus the diluted earnings per share is presented equivalent to basic earnings per share due to net loss in both nine months ended September 30, 2022 and the year ended December 31, 2021. The shares excluded are outlined below, each of which is anti-dilutive:

Conversion of Preferred Shares to Subordinate Voting Shares at pre-determined ratio	154,519,381
Conversion of Special Shares to Subordinate Voting Shares at pre-determined ratio	35,002,878

LUMINE PORTFOLIO

AUDITED COMBINED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

See attached.

Combined Financial Statements
(In USD)

Lumine Portfolio

For the years ended December 31, 2021 and 2020

KPMG LLP
Bay Adelaide Centre
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Canada
Tel 416-777-8500
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Constellation Software Inc.

Opinion

We have audited the combined financial statements of Lumine Portfolio (the Entity), which comprise:

- the combined statements of financial position as at December 31, 2021, December 31, 2020 and January 1, 2020
- the combined statements of income (loss) for the years ended December 31, 2021 and December 31, 2020
- the combined statements of comprehensive income (loss) for the years ended December 31, 2021 and December 31, 2020
- the combined statements of changes in net parent equity (deficiency) for the years ended December 31, 2021 and December 31, 2020
- the combined statements of cash flows for the years ended December 31, 2021 and December 31, 2020
- and notes to the combined financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the combined financial position of the Entity as at December 31, 2021, December 31, 2020, and January 1, 2020, and its combined financial performance and its combined cash flows for the years ended December 31, 2021 and December 31, 2020 in accordance with International Financial Reporting Standards (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.

KPMG

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

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 International Financial Reporting Standards (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.

KPMG

- 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 auditor's 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

February 5, 2023

Lumine Portfolio

Combined Statements of Financial Position

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

	December 31, 2021	December 31, 2020	January 1, 2020
Assets			
Current assets:			
Cash	$ 27,110	$ 35,144	$ 18,986
Accounts receivable (note 16)	45,109	45,394	26,777
Due from related parties, net (note 22)	111,629	59,837	38,590
Unbilled revenue (note 17)	7,219	4,637	10,553
Inventories	26	-	-
Other assets (note 5)	16,679	14,357	14,241
	207,771	159,368	109,148
Non-current assets:			
Property and equipment (note 6)	2,517	3,511	5,166
Right of use assets (note 7)	4,503	4,698	4,993
Deferred income taxes (note 12)	3,580	2,888	5,059
Other assets (note 5)	6,785	7,618	3,578
Intangible assets (note 8)	103,249	88,880	71,346
	120,635	107,594	90,142
Total assets	$ 328,406	$ 266,962	$ 199,290
Liabilities and Net Parent Equity			
Current liabilities:			
Accounts payable and accrued liabilities	$ 51,169	$ 40,161	$ 27,323
Deferred revenue (note 17)	63,991	47,084	23,276
Provisions (note 9)	27	434	552
Acquisition holdback payables	2,976	290	1,143
Lease obligations (note 10)	2,365	2,357	1,966
Income taxes payable	5,690	3,008	1,345
	126,218	93,333	55,605
Non-current liabilities:			
Deferred income taxes (note 12)	16,628	10,610	9,714
Acquisition holdback payables	-	-	1,550
Lease obligations (note 10)	2,250	2,450	3,164
Other liabilities (note 5)	10,160	13,459	12,425
	29,038	26,518	26,852
Total liabilities	155,257	119,851	82,457
Net Parent Equity	173,149	147,111	116,833
Subsequent events (note 23)			
Total liabilities and net parent equity	$ 328,406	$ 266,962	$ 199,290

See accompanying notes to the combined financial statements.

Lumine Portfolio

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

	Years ended December 31, 2021	2020
Revenue		
License	$ 36,745	$ 26,127
Professional services	49,836	37,513
Hardware and other	8,969	8,259
Maintenance and other recurring	132,806	94,473
	228,355	166,372
Expenses		
Staff	120,092	87,322
Hardware	5,166	5,457
Third party license, maintenance and professional services	10,344	7,151
Occupancy	2,102	1,891
Travel, telecommunications, supplies, software and equipment	8,002	8,978
Professional fees	3,203	2,496
Other, net	10,484	902
Depreciation (note 6 and 7)	5,161	5,141
Amortization of intangible assets (note 8)	25,521	18,575
	190,076	137,913
Finance and other expenses (income) (note 14)	744	2,127
	744	2,127
Income (loss) before income taxes	37,536	26,332
Current income tax expense (recovery) (note 11)	10,829	7,010
Deferred income tax expense (recovery) (note 11)	(759)	(985)
Income tax expense (recovery)	10,070	6,025
Net income (loss)	$ 27,466	$ 20,307

See accompanying notes to the combined financial statements.

Lumine Portfolio

Combined Statements of Comprehensive Income (Loss)

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

	Years ended December 31, 2021	2020
Net income (loss)	$ 27,466	$ 20,307
Items that are or may be reclassified subsequently to net income (loss):		
Foreign currency translation differences from foreign operations and other	(2,410)	3,009
Other comprehensive (loss) income for the year, net of income tax	(2,410)	3,009
Total comprehensive income (loss) for the year	$ 25,056	$ 23,316

See accompanying notes to the combined financial statements.

Lumine Portfolio

Combined Statement of Changes in Net Parent Equity (Deficiency)

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

Year ended December 31, 2021	Net Parent Investment	Accumulated other comprehensive (loss) income	Retained earnings (Deficit)	Total equity
Balance at January 1, 2021	**118,903**	**5,639**	**22,569**	**147,111**
Total comprehensive income (loss) for the year:				
Net income (loss)			27,466	27,466
Other comprehensive income (loss):				
Foreign currency translation differences from foreign operations and other		(2,410)		(2,410)
Total other comprehensive income (loss) for the year	**-**	**(2,410)**	**-**	**(2,410)**
Total comprehensive income (loss) for the year	**-**	**(2,410)**	**27,466**	**25,056**
Transactions with Parent, recorded directly in equity				
Non-cash capital contributions for the transfer of acquired legal entities	14,148			14,148
Dividends to Parent			(13,165)	(13,165)
Balance at December 31, 2021	**133,051**	**3,229**	**36,870**	**173,149**

See accompanying notes to the combined financial statements.

Lumine Portfolio

Combined Statement of Changes in Net Parent Equity (Deficiency)

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

Year ended December 31, 2020	Capital Stock	Accumulated other comprehensive (loss) income	Retained earnings (deficit)	Total equity
Balance at January 1, 2020	**104,335**	**2,630**	**9,869**	**116,833**
Total comprehensive income (loss) for the year:				
Net income (loss)			20,307	20,307
Other comprehensive income (loss)				
Foreign currency translation differences from foreign operations and other		3,009		3,009
Total other comprehensive income (loss) for the year	-	3,009	-	3,009
Total comprehensive income (loss) for the year	**-**	**3,009**	**20,307**	**23,316**
Transactions with Parent, recorded directly in equity				
Non-cash capital contributions for the transfer of acquired legal entities	16,343			16,343
Return of capital	(1,776)			(1,776)
Dividends to Parent			(7,606)	(7,606)
Balance at December 31, 2020	**118,902**	**5,639**	**22,569**	**147,111**

See accompanying notes to the combined financial statements.

Lumine Portfolio

Combined Statements of Cash Flows

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

	Years ended December 31, 2021	2020
Cash flows from (used in) operating activities:		
Net income (loss)	27,466	20,307
Adjustments for:		
Depreciation	5,161	5,141
Amortization of intangible assets	25,521	18,575
Contingent consideration adjustments (note 16)	3,983	(2,305)
Finance and other expenses (income)	744	2,127
Income tax expense (recovery)	10,070	6,025
Change in non-cash operating assets and liabilities exclusive of effects of business combinations (note 21)	17,265	13,100
Income taxes (paid) received	(4,182)	(3,501)
Net cash flows from (used in) operating activities	86,028	59,469
Cash flows from (used in) financing activities:		
Interest paid on lease obligations (note 10)	(153)	(133)
Cash transferred from (to) Parent (note 22)	(80,030)	(34,631)
Cash obtained with businesses acquired by Parent (note 22)	3,217	4,502
Payments of lease obligations (note 10)	(2,669)	(2,278)
Net cash flows from (used in) in financing activities	(79,635)	(32,540)
Cash flows from (used in) investing activities:		
Acquisition of businesses (note 4)	(15,926)	(10,841)
Cash obtained with acquired businesses (note 4)	2,917	3,484
Post-acquisition settlement payments, net of receipts	(470)	(2,766)
Property and equipment purchased	(700)	(616)
Net cash flows from (used in) investing activities	(14,180)	(10,739)
Effect of foreign currency on cash and cash equivalents	(247)	(33)
Increase (decrease) in cash	(8,033)	16,158
Cash, beginning of period	35,144	18,986
Cash, end of period	27,110	35,144

See accompanying notes to the combined financial statements.

Notes to the combined financial statements

1. Reporting entity

Lumine Portfolio is a global portfolio of 21 communications and media software companies and currently operates as a division of Volaris Group, a subsidiary of Constellation Software Inc. (TSX:CSU) (herein referred to as the "Parent" or "CSI" - references to CSI refer to CSI and its subsidiaries). The address of its registered office is 5060 Spectrum Way, Suite 100, Mississauga, Ontario, Canada . The combined financial statements of Lumine Portfolio as at and for the fiscal years ended December 31, 2021 and December 31, 2020 (the "Combined Financial Statements") comprise Lumine Portfolio and its business units (together referred to as the "Business" or "Lumine"). The Business is engaged principally in the development, installation and customization of software and in the provision of related professional services and support for customers globally.

2. Basis of preparation

(a) Statement of compliance

The Combined Financial Statements have been derived from the consolidated financial statements of CSI to include 21 business units and an allocation of certain directly linked liabilities as described below. The Combined Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), issued and outstanding as of February 5, 2023, the date the board of directors approved such financial statements.

As Lumine Portfolio has not previously prepared stand-alone financial statements, these Combined Financial Statements are the first IFRS financial statements of Lumine in which IFRS 1 (First-time Adoption of International Financial Reporting Standards) has been applied. IFRS 1 sets out the procedures that an entity must follow when it adopts IFRSs for the first time as the basis for preparing its general purpose financial statements. Since Lumine did not previously prepare combined financial statements, and accordingly does not have any previous GAAP for purposes of the combined financial statements, Lumine is not required to present reconciliations as per IFRS 1.

The accounting policies applied in the Combined Financial Statements are, to the extent applicable, consistent with accounting policies applied in the CSI consolidated financial statements. As a result, the Combined Financial Statements have been prepared according to IFRS 1.D16(b) and reflect the carrying amounts that are included in CSI consolidated financial statements except as required by IFRS 1. The information on earnings per share for Lumine pursuant to IAS 33 has not been presented, as the combined entities have not formed a statutory group and, as such, Lumine has no historical capital structure.

The Combined Financial Statements have been prepared on a combined basis for the purpose of presenting the financial position, results of operations and cash flows of Lumine on a stand-alone basis, as explained in note 2(e), Principles of Combination, below.

The Combined Financial Statements have been prepared on a going concern basis.

(b) Basis of measurement

These Combined 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 derivative financial instruments, and contingent consideration related to business acquisitions, which are measured at their estimated fair value.

(c) Functional and presentation currency

The financial statements of each business unit included in the Combined Financial Statements is measured using the currency of the primary environment in which the business unit operated (the respective functional currency). The Combined Financial Statements are presented in USD, which is the Business's presentation currency.

(d) Use of estimates and judgements

The preparation of the Combined 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(k) - Revenue recognition
Note 3(a) - Business combinations
Note 3(m) - Income taxes
Note 3(i) - Impairment
Note 3(d) - Intangible assets
Note 19 - Contingencies

Critical judgements that the Business has made in the process of applying accounting policies disclosed herein and that have a significant effect on the amounts recognized in the Combined Financial Statements relate to the (i) determination of functional currencies for the Business's business units 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) recognition of provisions.

- Functional currency of each business unit – the Business 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.

- Revenue Recognition - the Business 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 Business 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 Business'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 liablities - 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 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.

The Business is closely monitoring the impact of COVID-19 on all aspects of its business. COVID-19 was declared a global pandemic by the World Health Organization on March 11, 2020. The COVID-19 pandemic has had disruptive effects in countries in which the Business operates and has adversely impacted many of its business units' operations to date, including through the cancellation by certain customers of their ongoing software maintenance contracts and the suspension or cancellation of new software purchases. The pandemic may also have an adverse impact on many of the Business's customers, including their ability to satisfy ongoing payment obligations to the Business, which could increase the Business's bad debt exposure. The future impacts of the pandemic and any resulting economic impact are largely unknown and rapidly evolving. It is possible that the COVID-19 pandemic, the measures taken by the governments of countries affected and the resulting economic impact may continue to adversely affect the Business's results of operations, cash flows and financial position as well as its customers in future periods, and this impact could be material. During the year ended December 31, 2021, the Business recorded income of $19 (December 31, 2020 - $352) relating to government grants from various government authorities relating to the pandemic within "Other, net" expenses in the combined statements of income.

(e) Principles of combination

(i) General

These Combined Financial Statements have been prepared using the Business's historical cost basis of assets and liabilities and results of operations of the Parent that comprise the Business, except as required by IFRS 1.D16(b) (see note 2(a)).

These financial statements have been prepared on a combined basis as the Business does not constitute a solely dedicated group of legal entities. The legal structure was not considered the key factor in determining the perimeter of the Combined Financial Statements, but rather the basis of the economic activities.

The historical results of operations, financial position and cash flows of the Business may not be indicative of what they would have been had the portfolio been a separate stand-alone entity, nor are they indicative of what the Business's results of operations, financial position and cash flows may be in the future. Actual costs that may have been incurred if the Business had been a standalone company would depend on factors, including the chosen organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure. The Combined Financial Statements have been prepared solely to demonstrate the Business's historical results of operations, financial position, and cash flows of the Business for the indicated periods under the Parent's management.

The combined historical financial information has been prepared on a combined basis applying the principles underlying the consolidation procedures of IFRS 10. All intercompany transactions and accounts within the Business have been eliminated.

Combined Statements of Income

The Business receives services and support functions from the Parent, primarily related to corporate administrative expenses, employee related costs including benefits for corporate and shared employees, and rental and usage fees. The costs associated with these services and support functions have been attributed to the Business based on specific identification or allocation. The allocated costs were made using methodologies primarily based on an allocation of net revenues. These allocated costs are recorded in other, net in the combined statements of income. Refer to note 22 for additional discussion of the transactions with the Parent.

Combined Statements of Financial Position

The Lumine combined balance sheets include the assets and liabilities of the business units included in the Business as well as the Lumine-related assets and liabilities of the Parent which have been included on the following basis:

- Due to Related Parties: Intercompany transactions between the Business and the Parent and its other subsidiaries considered related to services and support functions, as described above, are recognized as amounts due to related parties in the combined statements of financial position.
- Due from Related Parties: Intercompany transactions whereby the Business provides the Parent and its other subsidiaries excess cash are considered financing activities and are expected to be wholly recovered from the Parent through various cash and non-cash settlement methods as described in note 22. The balance owing is recognized as due from related parties in the combined statements of financial position.
- Capital contributions: During the years ended December 31, 2021 and 2020, the Parent completed certain acquisitions which are not considered business combinations of Lumine for purposes of the combined financial statements. However, upon the completion of the acquisition by the Parent, the acquired entity was transferred to Lumine. The net assets of the transferred entity are recognized as a combination of capital contributions within net parent equity and settlements of amounts due from related parties. The results of transferred entities have been included in the Business subsequent to the date of transfer which occurs immediately following the acquisition by the Parent.
- Contingent Consideration and Acquisition Holdback Payable: The acquisitions completed by the Parent include contingent consideration outstanding at December 31, 2021 and 2020, respectively. The contingent consideration is payable on the achievement of certain financial targets in the post-acquisition periods. These liabilities have been allocated to the Business as the third-party obligation is directly linked to the results of the combined entity with a corresponding increase in due from related parties.

Refer to note 22 for additional discussion of the transactions with the Parent.

Combined Cash Flows

The combined statements of cash flow have been prepared using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. For a number of reasons, principally the effects of translation differences and acquisitions and disposals, certain items in the combined statements of cash flows do not correspond to the changes between the combined balance sheet amounts for the respective items. Amounts for cash are reflected in the Combined Financial Statements only for those activities of Lumine Portfolio that operated or existed in separate dedicated Lumine legal entities, during the period of the Combined Financial Statements. For all other activities, changes in cash balances form part of additional funding from (payment to) Parent recorded in net parent equity.

(ii) Income taxes:

The (provision for) benefit from income taxes and other tax related information contained in these Combined Financial Statements are presented on a separate return basis as if the Business filed its own tax returns based on the combination methodology applied as described elsewhere herein. To the extent that legal entities that are included in the Business have loss carryforwards or other tax attributes that did not arise from transactions included in the combined statements of income, tax assets are recognized in accordance with IFRS with an offsetting deemed capital contribution included in net parent equity. The separate return method applies the accounting guidance for income taxes to the standalone financial statements as if the Business were a separate taxpayer and a standalone enterprise for the periods presented. Current income tax liabilities related to entities which file jointly with Parent are assumed to be immediately settled with Parent and are relieved through due to (from) related parties.

(iii) Net parent equity

The Parent utilizes a central approach for the funding of its operations. As a contractual obligation to deliver cash or other financial assets in relation to the funding from other CSI entities did not exist during the historical periods presented and the balances will not be settled with Lumine's own equity instruments, transactions with CSI are presented as net parent equity in the Combined Financial Statements, except for intercompany transactions with the Parent that have been specifically described above and are settled periodically.

Amounts for cash are reflected in the Combined Financial Statements only for those activities of Lumine that operated or existed in separate dedicated Lumine legal entities, during the period of the Combined Financial Statements. For all other activities, cash and debt balances with Parent have been presented as part of due from related parties, net and net parent equity. The funding structure is therefore not necessarily representative of the financing that would have been reported if the Business operated on its own or as an entity independent from CSI during the periods presented, nor is it indicative of the financing that may arise in the future.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these Combined Financial Statements unless otherwise indicated.

The significant accounting policies have been applied consistently by the Business's business units.

(a) 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 combined statements of income. Transaction costs that the Business incurs in connection with a business combination are expensed as incurred.

The Business 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 Business 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 Business 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.

(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 combined 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 Business has elected not to treat repayments of monetary items receivable or payable to a foreign operation as a disposition.

(c) Financial Instruments

The Business's financial instruments comprise cash, accounts receivable, accounts payable and accrued liabilities, income taxes payable and holdback payable and contingent consideration liabilities related to acquisitions.

Financial assets are recognized in the combined statement of financial position if the Business 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 Business has transferred substantially all risks and rewards of ownership.

Financial liabilities include accounts payable and accrued liabilities, income taxes payable and acquisition holdback payables. 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. The Business derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Business 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.

The Business’s derivatives are carried at fair value and are reported as assets when they have a positive fair value and as liabilities when they have a negative fair value. Changes in the fair values of derivative financial instruments are reported within finance and other expenses (income) in the combined statements of income, except for those that meet the conditions for hedge accounting. At December 31, 2021 and 2020, the Business had one outstanding derivative which was recorded as a liability in other liabilities in the statements of financial position. The Business did not have any defined hedges for accounting purposes.

(d) Intangible assets

(i) Acquired intangible assets

The Business uses the income approach to value acquired technology and customer relationship intangible assets. 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 Business 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 Business 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 Business 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 Business 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 7 years
Customer assets	2 to 10 years

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.

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 Business's CGUs and the CGU’s net carrying values. Within the Business's reporting structure, business units generally reflect the CGUs. In determining the recoverable amount, the Business 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 Business for this purpose reflect current market conditions specific to the business unit and are assessed for reasonability by comparison to the Business'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 Business’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 combined statement of income (loss) immediately. The

(In thousands of USD, except as otherwise indicated.)

Business 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.

(ii) 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 Business intends to use or sell the asset and the Business intends and has sufficient resources to complete development. To date, no material development expenditures have been capitalized.

For the year ended December 31, 2021, $31,923 (2020 – $22,962) 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 $1,497 for the year ended December 31, 2021 (2020 – $2,115).

(e) 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.

(f) 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.

(g) 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.

(i) 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.

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

The Business 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 Business’s non-financial assets, other than deferred tax assets (which are addressed in note 3(m)), 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 Business 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 Business'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.

(j) Provisions

A provision is recognized if, as a result of a past event, the Business 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.

(k) Revenue recognition

Revenue represents the amount the Business expects to receive for products and services in its contracts with customers, net of discounts and sales taxes. The Business reports revenue under four revenue categories being, License, Hardware and other, Professional services, and Maintenance and other recurring. Software license revenue is comprised of non-recurring license fees charged for the use of software products licensed under multiple-year or perpetual arrangements. Hardware and other revenue includes the resale of third party hardware as part of customized solutions. Professional service revenue consists of fees charged for implementation services, custom programming, product training and consulting. 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, and hosted software-as-a-service products.

Contracts with multiple products or services

Typically, the Business enters into contracts that contain multiple products and services such as software licenses, hosted software-as-a-service, maintenance, professional services, and hardware. The Business 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 Business'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 ("SSP"). If the SSP is not directly observable, then SSP is estimated using either the expected cost plus a margin or residual approach.

Nature of products and services

The Business sells on-premise 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 Business'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 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 Business to make significant judgments to determine the estimated hours to completion which affects the timing of revenue recognized.

A portion of the Business'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 Business 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, 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. The revenue 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 Business 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.

Costs to Obtain a Contract

The Business allocates incremental costs to obtain a contract (which principally consists of commissions) to the various performance obligations to which they relate. 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 Business has considered expected renewals over the life of the intellectual property when determining the period over which those costs are recognized. 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 assets and non-current assets on the combined statement of financial position.

(l) 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.

(m) 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 Business 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 combined 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.

(n) Investment tax credits

The Business 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 combined 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 Business has reasonable assurance regarding compliance with the relevant objective conditions and that the credit will be realized.

(o) Segment Reporting

An operating segment is a component of the Business 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 Business’s other components. The operating results of all operating segments are reviewed regularly by the Business’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 Business has determined that it has two operating segments. Each of the Business’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 Business’s head office and the Parent’s board of directors. The Business aggregates these two operating segments into one reportable segment, consistent with the objective and basic principles of IFRS 8.

(p) 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 Business's employee incentive compensation plan if the Business has a legal or constructive obligation to pay this amount at the time bonuses are paid as a result of past service provided by the employee, and the obligation can be estimated reliably.

(q) Leases

At inception of a contract, the Business 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 Business 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 Business 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 Business's incremental borrowing rate. Generally, the Business 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 Business's estimate of the amount expected to be payable under a residual value guarantee, or if the Business 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 Business 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) Year ended December 31, 2021

During the year ended December 31, 2021, the Business completed a number of acquisitions for aggregate consideration of $19,807 including cash consideration of $15,927, cash holdbacks of $2,841, and contingent consideration with an estimated acquisition date fair value of $1,038. The contingent consideration is payable on the achievement of certain financial targets in the postacquisition periods. The obligation for contingent consideration for acquisitions during the year ended December 31, 2021 has been recorded at its estimated fair value at the various acquisition dates. 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. For these arrangements, which include both maximum, or capped, and unlimited contingent consideration amounts, the estimated increase to the initial cash and holdback consideration is not expected to exceed $1,339.

There were no acquisitions during the year that were deemed to be individually significant. The majority of the businesses acquired during the year were acquisitions of shares and the remainder were asset acquisitions. The cash holdbacks are generally 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.

(In thousands of USD, except as otherwise indicated.)

The acquisitions during the year ended December 31, 2021 include software companies catering to the communications and media market, all of which are software businesses similar to existing businesses operated by the Business. The acquisitions have been accounted for using the acquisition method with the results of operations included in these Combined Financial Statements from the date of each acquisition.

The gross contractual amounts of acquired receivables was $4,605.

Due to the complexity and timing of certain acquisitions made, the Business is in the process of determining and finalizing the estimated fair value of the net assets acquired as part of the acquisitions closed during 2021. The amounts determined on a provisional basis generally relate to net asset assessments and measurement of the assumed liabilities, including acquired contract liabilities. 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. At December 31, 2021, the consideration associated with these provisional estimates totals $19,807. During the year ended December 31, 2021, the Business made changes to provisional estimates of prior year preliminary purchase price allocations of intangible assets and corresponding deferred income taxes. The changes include a decrease of definite life intangible assets of $57. The impact of these provisional changes to the purchase price allocation did not have a significant impact on the combined statements of income.

The aggregate impact of acquisition accounting applied in connection with business acquisitions in the year ended December 31, 2021 is as follows:

		2021
Cash	$	2,917
Accounts receivable		4,605
Other current assets		671
Property and equipment		444
Other non-current assets		834
Technology assets		7,915
Customer assets		10,650
	$	28,035
Current liabilities	$	1,018
Deferred revenue		1,981
Deferred income tax liabilities		4,610
Other non-current liabilities		618
	$	8,228
Total Consideration	$	19,807

The 2021 business acquisitions contributed aggregate revenue and a net loss since the respective dates of acquisition of $7,919 and $529 respectively during the year ended December 31, 2021. If these acquisitions had occurred on January 1, 2021, the Business estimates that combined revenue would have been $243,130 and combined net income for the year ended December 31, 2021 would have been $27,826 as compared to the amounts reported in the statement of income for the same period. In determining these amounts, the Business 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, 2021. The net income from acquisitions includes the associated amortization of acquired intangible assets recognized as if the acquisitions had occurred on January 1, 2021.

(b) Year ended December 31, 2020

During the year ended December 31, 2020, the Business completed a number of acquisitions for aggregate consideration $13,931 including cash consideration of $10,841, cash holdbacks of $2,861 and contingent consideration with an estimated acquisition date fair value of $229. The contingent consideration is payable on the achievement of certain financial targets in the postacquisition periods. The obligation for contingent consideration for acquisitions during the year ended December 31, 2020 has been recorded at its estimated fair value at the various acquisition dates. 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. For these arrangements, which include both maximum, or capped, and unlimited contingent consideration amounts, the estimated increase to the initial cash and holdback consideration is not expected to exceed $349.

There were no acquisitions during the year that were deemed to be individually significant. The majority of the businesses acquired during the year were acquisitions of shares and the remainder were asset acquisitions. The cash holdbacks are generally 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.

The acquisitions during the year ended December 31, 2020 include software companies catering to the communications and media market, all of which are software businesses similar to existing businesses operated by the Business. The acquisitions have been accounted for using the acquisition method with the results of operations included in these combined financial statements from the date of each acquisition.

The gross contractual amounts of acquired receivables was $2,661.

The provisional purchase price allocations were finalized during the year ended December 31, 2021.

The aggregate impact of acquisition accounting applied in connection with business acquisitions in the year ended December 31, 2020 is as follows:

(In thousands of USD, except as otherwise indicated.)

		2020
Cash	$	3,484
Accounts receivable		2,661
Other current assets		1,436
Property and equipment		177
Other non-current assets		1,058
Deferred income tax assets		377
Technology assets		6,938
Customer assets		6,809
	$	22,942
Current liabilities	$	4,566
Deferred revenue		1,443
Deferred income tax liabilities		2,858
Other non-current liabilities		144
	$	9,011
Total Consideration	$	13,931

The 2020 business acquisitions contributed aggregate revenue and a net loss since the respective dates of acquisition of $9,599 and $113 respectively during the year ended December 31, 2020. If these acquisitions had occurred on January 1, 2020, the Business estimates that combined revenue would have been $171,590 and combined net income for the year ended December 31, 2020 would have been $19,880 as compared to the amounts reported in the statement of income (loss) for the same period. In determining these amounts, the Business 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, 2020. The net income from acquisitions includes the associated amortization of acquired intangible assets recognized as if the acquisitions had occurred on January 1, 2020.

5. Other assets and liabilities

(a) Other assets

		December 31, 2021		December 31, 2020		January 1, 2020
Prepaid expenses and other current assets	$	10,167	$	8,270	$	6,475
Sales tax receivable		1,768		2,464		4,632
Investment tax credits recoverable		1,675		1,833		1,084
Other receivables		3,069		1,790		2,050
Total other current assets	$	16,679	$	14,357	$	14,241
Investment tax credits recoverable	$	3,788	$	4,744	$	2,176
Costs to obtain a contract		1,805		1,728		1,268
Non-current trade and other receivables and other assets		1,192		1,146		134
Total other non-current assets	$	6,785	$	7,618	$	3,578

(In thousands of USD, except as otherwise indicated.)

(b) Other liabilities

	December 31, 2021	December 31, 2020	January 1, 2020
Contingent consideration (note 16)	$ 1,847	$ 6,893	$ 8,005
Deferred revenue	1,793	2,099	3,732
Provisions (note 9)	6,486	4,251	484
Other non-current liabilities	34	215	203
Total other non-current liabilities	$ 10,160	$ 13,459	$ 12,425

(In thousands of USD, except as otherwise indicated.)

6. Property and equipment

	Computer hardware	Computer software	Furniture, equipment and vehicles	Leasehold improvements	Total
Cost					
Balance at January 1, 2020	$ 8,112	$ 256	$ 529	$ 1,312	$ 10,209
Additions	459	31	9	118	616
Acquisitions through business combinations and transfer from Parent (notes 4 and 22)	632	-	38	18	688
Disposals / retirements / reclassifications / other	(47)	(5)	9	-	(42)
Balance at December 31, 2020	$ 9,156	$ 283	$ 585	$ 1,448	$ 11,471
Balance at January 1, 2021	$ 9,156	$ 283	$ 585	$ 1,448	$ 11,471
Additions	587	22	2	90	700
Acquisitions through business combinations and transfer from Parent (notes 4 and 22)	585	8	148	56	796
Disposals / retirements / reclassifications / other	(232)	(55)	(50)	(42)	(379)
Balance at December 31, 2021	$ 10,095	$ 257	$ 685	$ 1,551	$ 12,588
Depreciation and impairment losses					
Balance at January 1, 2020	$ 4,477	$ 91	$ 294	$ 182	$ 5,043
Depreciation charge for the year	2,201	110	107	489	2,907
Disposals / retirements / reclassifications / other	13	(11)	21	(13)	9
Balance at December 31, 2020	$ 6,690	$ 190	$ 422	$ 658	$ 7,959
Balance at January 1, 2021	$ 6,690	$ 190	$ 422	$ 658	$ 7,959
Depreciation charge for the year	1,718	73	129	520	2,441
Disposals / retirements / reclassifications / other	(149)	(62)	(50)	(69)	(330)
Balance at December 31, 2021	$ 8,260	$ 201	$ 501	$ 1,109	$ 10,070
Carrying amounts:					
At January 1, 2020	$ 3,635	$ 166	$ 235	$ 1,130	$ 5,166
At December 31, 2020	$ 2,465	$ 93	$ 163	$ 790	$ 3,511
At December 31, 2021	$ 1,835	$ 56	$ 184	$ 442	$ 2,517

(In thousands of USD, except as otherwise indicated.)

7. Right-of-use assets

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

	Computer hardware	Vehicles	Building	Furniture, Equipment & Other	Total
Cost					
Balance at January 1, 2020	$ 805	$ 40	$ 5,874	$ 39	$ 6,759
Additions	116	7	73	-	196
Acquisitions through business combinations and transfer from Parent (notes 4 and 22)	113	159	1,121	-	1,393
Disposals / retirements / reclassifications / other	(13)	(48)	(13)	-	(74)
Effect of movements in foreign exchange and other	42	7	227	4	279
Balance at December 31, 2020	$ 1,062	$ 165	$ 7,283	$ 43	$ 8,553
Balance at January 1, 2021	$ 1,062	$ 166	$ 7,283	$ 43	$ 8,554
Additions	59	76	842	12	990
Acquisitions through business combinations and transfer from Parent (notes 4 and 22)	545	84	1,299	-	1,928
Disposals / retirements / reclassifications / other	-	(26)	(819)	-	(845)
Effect of movements in foreign exchange and other	(15)	(12)	(232)	(4)	(264)
Balance at December 31, 2021	$ 1,652	$ 288	$ 8,372	$ 51	$ 10,362
Depreciation and impairment losses					
Balance at January 1, 2020	$ 531	$ 13	$ 1,215	$ 8	$ 1,766
Depreciation charge for the year	367	56	1,798	13	2,234
Disposals / retirements / reclassifications / other	86	(19)	(54)	5	17
Effect of movements in foreign exchange and other	(43)	(2)	(115)	(2)	(162)
Balance at December 31, 2020	$ 941	$ 48	$ 2,844	$ 23	$ 3,855
Balance at January 1, 2021	$ 941	$ 48	$ 2,844	$ 23	$ 3,856
Depreciation charge for the year	157	104	2,446	14	2,720
Disposals / retirements / reclassifications / other	-	(15)	(542)	-	(557)
Effect of movements in foreign exchange and other	(13)	(8)	(137)	(2)	(159)
Balance at December 31, 2021	$ 1,085	$ 128	$ 4,611	$ 35	$ 5,859
Carrying amounts:					
At January 1, 2020	$ 275	$ 27	$ 4,660	$ 31	$ 4,993
At December 31, 2020	$ 121	$ 117	$ 4,438	$ 20	$ 4,697
At December 31, 2021	$ 567	$ 160	$ 3,761	$ 16	$ 4,504

(In thousands of USD, except as otherwise indicated.)

8. Intangible assets

	Technology Assets	Customer Assets	Total
Cost			
Balance at January 1, 2020	$ 65,140	$ 36,934	$ 102,075
Acquisitions through business combinations and transfer from Parent (notes 4 and 22)	21,172	12,032	33,204
Adjustments to purchase price allocations for prior period business combinations (notes 2e(i) and 4)	(73)	(23)	(96)
Effect of movements in foreign exchange and other	2,991	2,051	5,043
Balance at December 31, 2020	$ 89,230	$ 50,995	$ 140,225
Balance at January 1, 2021	$ 89,230	$ 50,995	$ 140,225
Acquisitions through business combinations and transfer from Parent (notes 4 and 22)	19,992	20,832	40,824
Adjustments to purchase price allocations for prior period business combinations (notes 2e(i) and 4)	1,215	212	1,427
Effect of movements in foreign exchange and other	(2,261)	(1,580)	(3,841)
Balance at December 31, 2021	$ 108,177	$ 70,459	$ 178,635
Accumulated amortization and impairment losses			
Balance at January 1, 2020	$ 25,357	$ 5,372	$ 30,729
Amortization for the period	13,073	5,502	18,575
Effect of movements in foreign exchange	1,575	467	2,042
Balance at December 31, 2020	$ 40,005	$ 11,341	$ 51,346
Balance at January 1, 2021	$ 40,005	$ 11,341	$ 51,346
Amortization for the period	17,478	8,042	25,521
Effect of movements in foreign exchange	(1,052)	(427)	(1,479)
Balance at December 31, 2021	$ 56,431	$ 18,956	$ 75,387
Carrying amounts:			
At January 1, 2020	$ 39,784	$ 31,562	$ 71,346
At December 31, 2020	$ 49,225	$ 39,654	$ 88,880
At December 31, 2021	$ 51,746	$ 51,503	$ 103,249

(In thousands of USD, except as otherwise indicated.)

9. Provisions

At January 1, 2021	$	4,686
Reversal		(157)
Provisions recorded during the period		2,442
Provisions used during the period		(436)
Effect of movements in foreign exchange and other		(20)
At December 31, 2021	$	6,514
Provisions classified as current liabilities	$	27
Provisions classified as other non-current liabilities	$	6,486

At January 1, 2020	$	1,036
Provisions recorded during the period		4,013
Provisions used during the period		(375)
Effect of movements in foreign exchange		13
At December 31, 2020	$	4,686
Provisions classified as current liabilities	$	434
Provisions classified as other non-current liabilities	$	4,251

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

(In thousands of USD, except as otherwise indicated.)

10. 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, 2021 and December 31, 2020, respectively.

At January 1, 2021	$	4,807
Additions		990
Acquisitions through business combinations and transfer from Parent (notes 4 and 22)		1,928
Payments		(2,822)
Interest expense on lease liabilities		153
Effect of movements in foreign exchange and other		(441)
At December 31, 2021	$	4,615
Lease obligations classified as current liabilities		2,365
Lease obligations classified as other non-current liabilities		2,250

At January 1, 2020	$	5,129
Additions		196
Acquisitions through business combinations and transfer from Parent (notes 4 and 22)		1,393
Payments		(2,411)
Interest expense on lease liabilities		133
Effect of movements in foreign exchange and other		366
At December 31, 2020	$	4,807
Lease obligations classified as current liabilities		2,357
Lease obligations classified as other non-current liabilities		2,450

(In thousands of USD, except as otherwise indicated.)

Lumine Portfolio

The following table presents the expected maturity of the undiscounted cash flows for lease obligations as at December 31, 2021:

		December 31, 2021
Less than 1 year	$	2,519
Between 1 and 5 years		2,680
More than 5 years		410
Total	$	5,609
Less: Impact of discounting		(994)
Leases obligation recorded on balance sheet	$	4,615

The expense relating to variable lease payments not included in the measurement of lease obligations was $83 (2020 – $24). This consists primarily of variable lease payments for property taxes. Expenses relating to short-term leases were $388 (2020 – $601), expenses relating to leases of low value assets were $4 (2020 – nil) and sublease income was $9 (2020 – $8). Total cash outflow for leases was $2,822 (2020 – $2,411).

(In thousands of USD, except as otherwise indicated.)

11. Income taxes

(a) Tax recognized in profit or loss

	2021	2020
Income tax recognized in profit or loss		
Current income tax expense (recovery)		
Current year	10,488	6,137
Adjustment for prior years	342	874
	10,829	7,010
Deferred income tax expense (recovery)		
Origination and reversal of temporary differences	(1,855)	(881)
Effect of change in future tax rates	2,618	1,303
Change in recognized temporary differences and unrecognized tax losses	(707)	159
Adjustment for prior years	(815)	(1,566)
	(759)	(985)
Income tax expense (recovery)	**10,070**	**6,025**

(b) Reconciliation of effective tax rate

	2021	2020
Net income for the year	27,466	20,307
Income tax expense	10,070	6,025
Income before income taxes	37,536	26,332
Income tax expense using the Company's statutory tax rate of 26.5% (2020 - 26.5%)	9,947	6,978
Impact on taxes from:		
Foreign tax rate differential	(1,307)	(221)
Other, including non-deductible expenses and non-taxable income	(8)	(1,500)
Change in recognized temporary differences and unrecognized tax losses	(707)	159
Effect of change in future tax rates	2,618	1,303
Adjustment for prior years	(473)	(694)
	10,070	6,025

(In thousands of USD, except as otherwise indicated.)

The Business is subject to tax audits in the countries in which the Business 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 Business'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 Business's income tax expense may be adversely affected and the Business could also be subject to interest and penalty charges.

12. 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 Business has not recognized deferred tax liabilities is $79,040 (2020 - $54,288) as the Business 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 Business. 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

	2021	2020
Deductible temporary differences, including capital losses	$ 4,312	$ 3,531
Non-capital tax losses	$ 101,191	$ 93,202

Non-capital tax losses of $135 expire in 2031 and $101,056 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 Business can utilize these benefits.

(c) Recognized deferred tax assets and liabilities

	Assets			Liabilities			Net		
	December 31,		January 1,	December 31,		January 1,	December 31,		January 1,
	2021	2020	2020	2021	2020	2020	2021	2020	2020
Property and equipment	1,526	1,356	2,333	(65)	(54)	(6)	1,461	1,302	2,327
Intangible assets	2,268	1,969	1,152	(22,286)	(15,335)	(9,406)	(20,018)	(13,366)	(8,254)
Reserves	667	435	283	(1)	(9)	(22)	666	426	261
Non-capital loss carryforwards	5,708	4,547	1,253	-	-	-	5,708	4,547	1,253
Deferred revenue	1	322	806	-	-	(4)	1	322	802
Foreign and other tax credits	-	-	-	(759)	(907)	(957)	(759)	(907)	(957)
Other, including capital losses, withholding tax and foreign exchange	(88)	(9)	(5)	(20)	(37)	(82)	(108)	(46)	(87)
Tax assets (liabilities)	10,082	8,620	5,822	(23,130)	(16,342)	(10,477)	(13,048)	(7,722)	(4,655)
Reclassification	(6,502)	(5,732)	(762)	6,502	5,732	762	-	-	-
Net tax assets (liabilities)	3,580	2,888	5,059	(16,628)	(10,610)	(9,714)	(13,048)	(7,722)	(4,655)

(In thousands of USD, except as otherwise indicated.)

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, 2021	Recognized in profit or loss	Acquired in business combinations and transfer from Parent (notes 4 and 22)	Other	Balance December 31, 2021
Property and equipment	1,302	159	-	-	1,461
Intangible assets	(13,366)	108	(6,716)	(44)	(20,018)
Reserves	426	208	32	-	666
Non-capital loss carryforwards	4,547	639	521	-	5,708
Deferred revenue	322	(321)	-	-	1
Tax credits	(907)	149	-	-	(759)
Other, including capital losses, withholding tax and foreign exchange	(45)	(184)	-	122	(107)
	(7,722)	759	(6,162)	77	(13,048)

	Balance January 1, 2020	Recognized in profit or loss	Acquired in business combinations and transfer from Parent (notes 4 and 22)	Other	Balance December 31, 2020
Property and equipment	2,327	(981)	0	(44)	1,302
Intangible assets	(8,253)	2,198	(6,897)	(414)	(13,366)
Reserves	261	165	-	-	426
Non-capital loss carryforwards	1,253	(175)	3,470	-	4,547
Deferred revenue	802	(481)	-	-	322
Tax credits	(957)	50	-	-	(907)
Other, including capital losses, withholding tax and foreign exchange	(87)	208	-	(167)	(45)
	(4,655)	985	(3,428)	(625)	(7,722)

13. Net Parent equity

Net parent equity represents:

- the Parent’s cumulative net investment in Lumine through capital contributions less dividends paid from the Parent since inception, including transfers of entities acquired by the Parent; and
- cumulative operating results, including other comprehensive income (loss).

The nature of transactions between the Business and the Parent has been described in note 22.

Accumulated other comprehensive income (loss)

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

Cumulative translation account

(In thousands of USD, except as otherwise indicated.)

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.

14. Finance costs and other expenses (income)

	Years ended December 31, 2021	2020
Interest expense on contingent consideration	$ 583	$ 501
Interest expense on lease obligations	153	133
Foreign exchange loss (gain)	(277)	1,742
Other expenses (income)	285	(249)
Finance and other expenses (income)	$ 744	$ 2,127

15. Capital risk management

The Business's primary capital management objectives are to provide an adequate return to the Parent, provide adequate and efficient funding of operations, finance growth, and to preserve financial flexibility to benefit from potential opportunities as they arise.

Capital of the Business is defined as advances we receive from the Parent, which are typically loans or injections of capital (see Note 2(e)(iii) for a description of net parent equity and Note 22 for a description of related party transactions) and retained earnings. The Business has typically not leveraged third-party uses of capital (external debt or issuance of capital) with parties other than the Parent.

The Business manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the Parent.

16. Financial risk management and financial instruments

Overview

The Business 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 Business'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 Business is exposed are described below.

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 Business's income or the value of its financial instruments.

The Business 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 Business'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 Business currently does not typically use derivative instruments to hedge its exposure to those risks.

In 2020 the Business entered into a contract with a customer that included an embedded derivative which was recorded separately from the non-financial host contract. The derivative contract provided customer protection against changes in the customer's local currency foreign exchange rate against the US dollar. The Business recorded the derivative at its fair value at inception. The embedded derivative has been reported within accounts payable and accrued liabilities and other liabilities in the statement of financial position. The derivative was fully settled during the year ended December 31, 2021.

Liquidity risk

Liquidity risk is the risk that the Business is not able to meet its financial obligations as they fall due or can do so only at excessive cost. The Business manages liquidity risk through the management of its capital structure, as outlined in note 15 to the combined financial statements. The Business's growth is financed through a combination of cash flows from operations and business acquisitions. One of the Business'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 Business'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 Business's available liquid resources as compared to the timing of the payments of liabilities, the Business assesses its liquidity risk to be low.

Credit risk

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

The majority of the accounts receivable balance relates to maintenance invoices to customers that have a history of payment. In addition, large proportion of the Business's accounts receivable are with Tier 1 customers in the private sectors and public sector government agencies where the credit risk has historically been assessed to be low.

(In thousands of USD, except as otherwise indicated.)

The aging of accounts receivables at the reporting date was:

	December 31, 2021	December 31, 2020	January 1, 2020
Current			
Gross	$ 42,451	$ 43,503	$ 24,058
Impairment	-	-	(16)
Net	42,451	43,503	24,043
90-180 days			
Gross	1,883	1,851	2,217
Impairment	-	-	(40)
Net	1,883	1,851	2,178
More than 180 days			
Gross	1,241	707	1,525
Impairment	(466)	(668)	(968)
Net	775	39	557
Total accounts receivable			
Gross	$ 45,575	$ 46,062	$ 27,800
Impairment	(466)	(668)	(1,023)
Net	45,109	45,394	26,777

An allowance account for accounts receivable is used to record impairment losses unless the Business 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:

	2021	2020
Aggregate balance at January 1	$ 668	$ 1,023
Increase from business acquisitions and transfer from Parent (notes 4 and 22)	462	66
Impairment loss recognized	41	454
Impairment loss reversed	(76)	(438)
Amounts written off	(609)	(440)
Other movements	(20)	3
Aggregate balance at December 31	$ 466	$ 668

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

(In thousands of USD, except as otherwise indicated.)

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

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.

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 Business 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, 2021 and December 31, 2020 in the financial statements are summarized below. The Business has no additional financial liabilities measured at fair value initially other than those recognized in connection with business combinations.

	December 31, 2021				December 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Liabilities:								
Contingent Consideration	$ -	$ -	$7,252	$ 7,252	$ -	$ -	$ 8,678	$ 8,678
Derivative Liability	-	-	-	-	-	-	532	532
	$ -	$ -	7,252	$ 7,252	$ -	$ -	$ 9,210	$ 9,210

There were no transfers of fair value measurements between level 1, 2 and level 3 of the fair value hierarchy in the years ended December 31, 2021 and 2020.

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.

(In thousands of USD, except as otherwise indicated.)

Contingent Consideration

Balance at January 1, 2020	$	9,615
Increase from business acquisitions and transfer from Parent (notes 4 and 22)		933
Settlements through cash payments and reductions in due from related parties (notes 2(e) and 22)		(447)
Charges (recoveries) through profit or loss		(2,305)
Interest on contingent consideration liabilities		501
Foreign exchange and other movements		381
Balance at December 31, 2020	$	8,678
Contingent consideration classified as current liabilities		1,785
Contingent consideration classified as other non-current liabilities		6,893

Balance at January 1, 2021	$	8,678
Increase from business acquisitions and transfer from Parent (notes 4 and 22)		1,618
Settlements through cash payments and reductions in due from related parties (notes 2(e) and 22)		(7,352)
Charges (recoveries) through profit or loss		3,983
Interest on contingent consideration liabilities		583
Foreign exchange and other movements		(258)
Balance at December 31, 2021	$	7,252
Contingent consideration classified as current liabilities		5,405
Contingent consideration classified as other non-current liabilities		1,847

Estimates of the fair value of contingent consideration are performed by the Business 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 years ended December 31, 2021 and December 31, 2020, including those transferred to the Business as described in Note 22 have been recorded at their estimated fair value at each reporting date. Aggregate contingent consideration of $7,252 (December 31, 2020 – $8,678; January 1, 2020 - $9,615) has been included in accounts payable and accrued liabilities and other liabilities in the combined statements 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 combined statements of income resulting in expense of $3,983 for the year ended December 31, 2021 (December 31, 2020 – a gain of $2,305).

(In thousands of USD, except as otherwise indicated.)

17. Revenue

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

Unbilled Revenue:

	2021	2020
Balance at January 1,	$ 4,637	$ 10,553
Increase from business acquisitions and transfer from Parent (notes 4 and 22)	1,539	963
Transfers to accounts receivable	(22,936)	(46,915)
Changes as a result of the measure of progress	24,149	39,930
Foreign exchange and other movements	(170)	105
Balance at December 31,	$ 7,219	$ 4,637
Unbilled revenue classified as a current asset	$ 7,219	$ 4,637

Deferred Revenue:

	2021	2020
Balance at January 1,	$ 49,182	$ 27,008
Increase from business acquisitions and transfer from Parent (notes 4 and 22)	5,077	4,556
Decrease from revenue recognized that was included in the deferred revenue balance at the beginning of the period	(39,714)	(25,064)
Decrease from revenue recognized that arose from acquired deferred revenue balances in the current year	(8,018)	(5,538)
Increase due to cash received, excluding amounts recognized as revenue during the period	60,448	46,699
Foreign exchange and other movements	(1,192)	1,522
Balance at December 31,	$ 65,784	$ 49,182
Deferred revenue classified as a current liability	63,991	47,084
Deferred revenue classified as an other non-current liability	1,793	2,099

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 $136,700 as of December 31, 2021, of which the Business expects to recognize an estimated 58% of the revenue over the next 12 months and the remainder thereafter.

(In thousands of USD, except as otherwise indicated.)

Costs to obtain a contract with a customer:

The Business 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 Business believes these costs are recoverable. The total capitalized commission costs as of December 31, 2021 is $1,805 (December 31, 2020 – $1,728; January 1, 2020 – $1,268). The amount of amortization expense for the year ended December 31, 2021 was $767 (December 31, 2020 – $486) and there was no impairment loss in relation to the costs capitalized.

18. Operating segments

An operating segment is a component of the Business 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 Business's other components. The operating results of all operating segments are reviewed regularly by the Business's President, the Business's chief operating decision maker, to make decisions about resources to be allocated to the segment and assessing their performance.

Each of the Business'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 Business's head office and the Parent's board of directors. The Business aggregates operating segments into one reportable segment, consistent with the objective and basic principles of IFRS 8.

Geographical information

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

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, 2021	EMEA	Americas	APAC	Total
Revenue	$ 160,643	$ 53,844	$ 13,869	$ 228,355
Non-current assets	83,811	28,217	8,606	120,635

Year ended December 31, 2020	EMEA	Americas	APAC	Total
Revenue	$ 119,445	$ 44,646	$ 2,281	$ 166,372
Non-current assets	91,913	13,245	2,436	107,594

Major customers

No customer represents revenue in excess of 10% of total revenue in both the years ended December 31, 2021 and 2020.

19. Contingencies

In the normal course of operations, the Business is subject to litigation and claims from time to time. The Business may also be subject to lawsuits, investigations and other claims, including environmental, labour, income and sales tax, product, customer disputes and other matters. The Business 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 Business 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 Business.

20. Guarantees

(a) In the ordinary course of business the Business 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, 2021, the total obligations of the Business pursuant to such bonds and related contingencies total $105 (December 31, 2020 - $59; January 1, 2020 – $229). No liability has been recorded in the combined financial statements.

(b) In the normal course of business, some of the Business'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.

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

(In thousands of USD, except as otherwise indicated.)

21. Changes in non-cash operating working capital

	Years ended December 31,	
	2021	2020
Decrease (increase) in current accounts receivable	7,876	(11,282)
Decrease (increase) in current unbilled revenue	(1,151)	6,833
Decrease (increase) in other current assets	1	1,288
Decrease (increase) in inventories	(28)	-
Decrease (increase) in other non-current assets	603	(773)
Increase (decrease) in other non-current liabilities	(11)	(1,585)
Increase (decrease) in current accounts payable and accrued liabilities, excluding holdbacks from acquisitions	(2,605)	1,247
Increase (decrease) in current deferred revenue	12,981	17,481
Increase (decrease) in current provisions	(401)	(109)
Change in non-cash operating working capital	17,265	13,100

22. Related parties

Transactions with related parties are assumed when a relationship exists between the Business and a natural person or entity that is affiliated with the Business. This includes, amongst others, the relationship between the Business 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 Business's controlling shareholder, CSI. Transactions are transfers of resources, services or obligations, regardless whether anything has been charged.

(a) Transactions with CSI

(i) Due from related parties

The Business generates operating cash flows and transfers excess cash to the Parent on a short-term basis to fund the operations of the Parent and business acquisitions completed by the Parent on the Business's behalf. These transfers of excess cash to the Parent are recorded through transfers to the Parent on the combined statement of cash flows. The aggregate short-term funding is recoverable from the Parent within the next 12 months and has been recorded as due from related parties in the combined statement of financial position. At December 31, 2021, the Business had due from related parties of $113,402 (December 31, 2020 - $69,612; January 1, 2020 - $51,641) which reflects the cash transferred to the Parent for short-term funding and acquisitions completed on its behalf.

(ii) Due to related parties

The Business pays management fees to CSI (included within "Other, net" expenses) and reimburses CSI for certain expenses paid on behalf of the Business. During the year, the Business expensed management fees of $3,453 (December 31, 2020 – $2,344). At December 31, 2021, the Business had outstanding amounts due to related parties of $1,773 (December 31, 2020 - $9,775; January 1, 2020 - $13,050) which reflects the amount owing to the Parent for management fees and the reimbursement of expenses paid on its behalf.

(In thousands of USD, except as otherwise indicated.)

The due from related parties and due to related parties balances are expected to be settled with the Parent over the next twelve months through various cash and non-cash settlement methods, including business transfers, and the settlement of related contingent consideration and holdback payables, returns of capital, and non-cash dividends. The ending related party balance with the Parent was recorded as a net asset of $111,629 within due from related parties, net (December 31, 2020 – $59,837; January 1, 2020 - $38,590).

(iii) Non-cash capital contributions

During the years ended December 31, 2021 and December 31, 2020, there were certain acquisitions completed by the Parent that were transferred to the Business by the Parent immediately following the acquisition. Subsequent to the date of transfer, the Business includes the transferred assets and liabilities which have been referenced in the notes above. The results of operations of the transferred businesses have been included in the combined statements of income from the respective dates of transfer and thereafter.

The transfer of the net assets of acquired legal entities, including the tangible assets, the intangible assets, and the assumed liabilities, has been recorded as a combination of capital contributions to the Business, recorded as a net increase in net Parent equity, and reductions to due from related parties, reflecting partial cash funding by the Business, in the combined statements of financial position.

During the year ended December 31, 2021, the Parent completed a number of acquisitions on the Business's behalf (the "2021 transferred businesses"). The net assets of the 2021 transferred businesses of $24,517 were transferred to Lumine as capital contributions of $14,148 and a reduction in due from related parties of $10,370.

The 2021 transferred businesses contributed the following to the combined statement of financial position at the date of the respective transfers:

	2021
Cash	3,217
Accounts receivable	3,801
Other current assets	3,654
Property and equipment	352
Other non-current assets	1,093
Technology assets	12,077
Customer assets	10,182
	34,550
Current liabilities	4,717
Deferred revenue	3,096
Deferred income tax liabilities	1,552
Other non-current liabilities	667
	10,033
Total Consideration	24,517

(In thousands of USD, except as otherwise indicated.)

The 2021 transferred businesses contributed aggregate revenue and a net loss since the respective dates of transfer of $21,681 and ($1,426) respectively during the year ended December 31, 2021.

The obligations for contingent consideration associated with the 2021 transferred businesses were also allocated to Lumine. During the year ended December 31, 2021, the Business assumed contingent consideration of $579, based on the estimated fair value at the date of transfer, and settled contingent consideration of $7,149 by reducing due from related parties. Refer to note 16 for additional information.

During the year ended December 31, 2020, the Parent completed a number of acquisitions on the Business's behalf (the "2020 transferred businesses"). The net assets of the 2020 transferred businesses of $16,478 were transferred to Lumine as capital contributions of $16,343 and a reduction in due from related parties of $135.

The aggregate impact of transfers from the Parent resulting from business acquisitions completed by the Parent on the Business's behalf in the year ended December 31, 2020 is as follows:

	2020
Cash	4,502
Accounts receivable	3,969
Other current assets	775
Property and equipment	511
Other non-current assets	3,467
Deferred income tax assets	212
Technology assets	14,234
Customer assets	5,223
	32,894
Current liabilities	8,025
Deferred revenue	3,113
Deferred income tax liabilities	1,159
Other non-current liabilities	4,118
	16,416
Total Consideration	16,478

The 2020 transferred businesses contributed aggregate revenue and a net loss since the respective dates of acquisition of $14,596 and $358 respectively during the year ended December 31, 2021.

The obligation for contingent consideration associated with the 2020 transferred businesses was also allocated to Lumine. During the year ended December 31, 2020, the Business assumed contingent consideration of $705, based on the estimated fair value at the date of transfer. Refer to note 16 for additional information.

(In thousands of USD, except as otherwise indicated.)

(iv) Dividends paid to the Parent

The Business periodically issues dividends to the Parent. When the Business declares a dividend, this is recorded as a reduction in net parent equity. During the year, the Business paid aggregate dividends to the Parent of $13,165 (December 31, 2020 - $7,606). Dividends declared are immediately settled in cash or as a reduction in amounts due from related parties.

(b) Key management personnel compensation

The key management personnel of the Business are the members of the Business's executive management team.

	Years ended December 31,	
	2021	2020
Salaries, bonus and employee benefits	$ 6,039	$ 4,665
Total	$ 6,039	$ 4,665

There were no significant post-employment benefits, other long-term benefits, or share-based payments attributed to the key management personnel in 2021 and 2020.

23. Subsequent events

(a) Acquisition of Morse Holdings

On June 13, 2022, the Business acquired 100% of the shares of Morse Holdings Inc. ("Morse") for cash consideration of $79,845 on closing plus additional holdbacks of $752 and contingent consideration with an estimated acquisition date fair value of $3,298. The contingent consideration is payable on the achievement of certain financial targets in the post-acquisition periods. The obligation for contingent consideration for this acquisition has been recorded at its estimated fair value at the acquisition date. 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. For this arrangement, which includes a maximum, or capped, contingent consideration amount, the estimated increase to the initial cash and holdback consideration is not expected to exceed $4,512. 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.

Morse is a software company catering to the communications and media market, which is a software business similar to existing businesses operated by the Business. The acquisition has been accounted for using the acquisition method with the results of operations included in these Interim Financial Statements from the date of the acquisition.

(In thousands of USD, except as otherwise indicated.)

The gross contractual amounts of acquired receivables was $13,063; however, the Business has recorded an allowance of $1,293 as part of the acquisition accounting to reflect contractual cash flows that are not expected to be collected.

The Business is in the process of determining and finalizing the estimated fair value of the net assets acquired as part of this acquisition. The amounts determined are on a provisional basis and generally relate to net asset assessments and measurement of the assumed liabilities, including acquired contract liabilities.

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

Cash	$ 2,871
Accounts receivable	11,769
Other current assets	8,906
Property and equipment	2,285
Other non-current assets	5,531
Technology assets	57,010
Customer assets	48,588
	$ 136,960
Current liabilities	$ 14,173
Deferred revenue	11,132
Deferred income tax liabilities	19,423
Other non-current liabilities	8,337
	$ 53,065
Total Consideration	$ 83,896

(b) Term loan facility

On October 31, 2022, a business within Lumine closed term loan funding with a Canadian chartered bank, amounting to $39,000, to provide long-term financing in connection with an acquired business. Covenants and guarantees associated with this loan are monitored and reported based on the financial position and financial performance of the acquired business. The loan has a maturity date of October 31, 2026 and bears an interest rate of SOFR plus applicable spreads.

(c) Agreement to acquire 100% of the shares of Wiztivi SAS

On December 12, 2022, the Business entered into an agreement to acquire 100% of the outstanding shares of Wiztivi SAS (“Wiztivi”) for aggregate cash consideration of $33,341 on closing plus cash holdbacks of $3,070 and contingent consideration with an estimated acquisition date fair value of nil, for total consideration of $36,411. The contingent consideration is payable on the achievement of certain financial targets in the post-acquisition periods. The obligation for contingent consideration for this acquisition has been recorded at its estimated fair value at the acquisition date. 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. For this arrangement, the maximum contingent consideration amount cannot exceed $5,349 as per the terms of the purchase agreement. 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.

(In thousands of USD, except as otherwise indicated.)

Wiztivi is a software company catering to the communications and media market, which is a software business similar to existing businesses operated by the Lumine Portfolio. The acquisition has been accounted for using the acquisition method with the results of operations included in the combined statements of income for the year ended December 31, 2022 from the date of the acquisition.

The gross contractual amounts of acquired receivables was $3,886; however, the Business has recorded an allowance of $87 as part of the acquisition accounting to reflect contractual cash flows that are not expected to be collected.

The Business is in the process of determining and finalizing the estimated fair value of the net assets acquired as part of this acquisition. The amounts determined are on a provisional basis and generally relate to net asset assessments and measurement of the assumed liabilities, including acquired contract liabilities.

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

Cash	2,424
Accounts receivable	3,799
Other current assets	1,139
Property and equipment	484
Other non-current assets	797
Technology assets	19,481
Customer assets	21,019
	49,143
Current liabilities	3,763
Deferred revenue	280
Deferred income tax liabilities	9,917
Other non-current liabilities	900
	14,860
Goodwill	2,128
Total Consideration	36,411

(d) Agreement to acquire 100% of the shares of WideOrbit Inc.

Lumine Group (Holdings) Inc. (“Lumine Holdings”) is a subsidiary within the Lumine Portfolio. On December 12, 2022, Lumine Holdings entered into an agreement to acquire 100% of the shares of WideOrbit Inc. (“WideOrbit”), subject to regulatory approvals and closing conditions (the “Acquisition”). WideOrbit primarily operates in the advertising market for cable networks, local television stations and radio stations, and is a software business similar to certain existing businesses within the Lumine Portfolio.

On December 31, 2022, CSI completed a corporate reorganization (the “Reorganization”) pursuant to which Lumine Holdings acquired a controlling interest in all of the entities within the Lumine Portfolio. Prior to closing of the Acquisition, Lumine Holdings will amalgamate (the “Amalgamation”) with Lumine Group Inc. (“Listco”), an indirect wholly-owned subsidiary of CSI, with the resulting entity being Listco. The Reorganization and Amalgamation described above are together referred to as the Combination.

The purchase price for the Acquisition is $490,000 and will be funded through a combination of cash, payment of debt, and issuance of special shares (“Special Shares”) of Listco. Pursuant to the terms of the acquisition agreement, WideOrbit completed its election process allowing eligible shareholders of WideOrbit to rollover a portion of their WideOrbit common shares into Special Shares of Listco. The Special Shares will carry voting rights equivalent to subordinate voting shares (“Subordinate Voting Shares”), with a cumulative dividend entitlement of 5% per annum and can be converted to Subordinate Voting Shares at a pre-determined ratio. The holders of the Special Shares are entitled to redeem some or all of their shares and receive an amount of cash equal to the initial equity value of the Special Shares, plus one Subordinate Voting Share for each Special Share redeemed.

In conjunction with the Combination and Acquisition, Listco will reorganize its share capital and issue 1 super voting share (the “Super Voting Share”), 63,582,712 preferred shares (the “Preferred Shares”) and 63,582,712 Subordinate Voting Shares to CSI. CSI will then distribute the Subordinate Voting Shares to its shareholders pursuant to a dividend-in-kind. The TSX Venture Exchange (“TSXV”) has conditionally approved the listing of these Subordinate Voting Shares on the TSXV. The Preferred Shares issued to CSI are non-voting and are entitled to an annual dividend of 5% and are convertible into Subordinate Voting Shares at a pre-determined ratio. The holders of the Preferred Shares are entitled to redeem some or all of their shares and receive an amount of cash equal to the initial equity value of the Preferred Shares.

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

LUMINE PORTFOLIO

UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND SEPTEMBER 30, 2021

See attached.

Condensed Combined Interim Financial Statements
(In USD)

Lumine Portfolio

For the three and nine months ended September 30, 2022 and 2021
Unaudited

Lumine Portfolio

Condensed Combined Interim Statements of Financial Position

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

Unaudited

	September 30, 2022	December 31, 2021
Assets		
Current assets:		
Cash	$ 34,377	$ 27,110
Accounts receivable	46,033	45,109
Unbilled revenue	11,395	7,219
Inventories	41	26
Due from related parties, net (note 14)	19,266	111,629
Other assets (note 5)	23,225	16,679
	134,337	207,772
Non-current assets:		
Property and equipment	2,609	2,517
Right of use assets	4,636	4,503
Deferred income taxes	6,077	3,580
Other assets (note 5)	8,856	6,785
Intangible assets (note 6)	173,280	103,249
	195,458	120,634
Total assets	$ 329,795	$ 328,406
Liabilities and Net Parent Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 49,482	$ 51,169
Deferred revenue	55,501	63,991
Provisions (note 7)	-	27
Acquisition holdback payables	769	2,976
Lease obligations	1,985	2,365
Income taxes payable	10,197	5,690
	117,934	126,218
Non-current liabilities:		
Deferred income taxes	29,483	16,628
Lease obligations	4,243	2,251
Other liabilities (note 5)	12,262	10,160
	45,988	29,039
Total liabilities	163,922	155,257
Net Parent Equity	165,873	173,149
Subsequent events (note 15)		
Total liabilities and net parent equity	$ 329,795	$ 328,406

See accompanying notes to the condensed combined interim financial statements.

Lumine Portfolio

Condensed Combined Interim Statements of Income (Loss)
(In thousands of USD. Due to rounding, numbers presented may not foot.)

Unaudited

	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Revenue				
License	$ 8,874	$ 11,386	$ 27,282	$ 28,832
Professional services	12,901	13,875	37,723	37,306
Hardware and other	1,851	4,098	5,605	7,062
Maintenance and other recurring	42,403	35,041	116,852	95,494
	66,029	64,400	187,462	168,694
Expenses				
Staff	34,917	31,926	97,938	87,407
Hardware	1,298	2,438	3,395	4,337
Third party license, maintenance and professional services	2,793	3,759	8,138	7,801
Occupancy	863	494	1,720	1,430
Travel, telecommunications, supplies, software and equipment	3,361	970	8,197	5,559
Professional fees	2,154	910	6,006	2,598
Other, net	(3,012)	3,309	1,172	6,042
Depreciation	1,855	1,270	4,165	3,838
Amortization of intangible assets (note 6)	8,480	6,685	22,543	18,548
	52,709	51,761	153,274	137,560
Finance costs and other expenses (income) (note 10)	(210)	(63)	(1,244)	1,250
	(210)	(63)	(1,244)	1,250
Income (loss) before income taxes	13,530	12,702	35,432	29,884
Current income tax expense (recovery)	1,927	3,904	13,630	9,468
Deferred income tax expense (recovery)	(168)	1,252	(6,683)	(190)
Income tax expense (recovery)	1,759	5,156	6,947	9,278
Net income (loss)	$ 11,771	$ 7,546	$ 28,485	$ 20,606

See accompanying notes to the condensed combined interim financial statements.

Lumine Portfolio

Condensed Combined Interim Statements of Comprehensive Income Loss)

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

Unaudited

	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Net income (loss)	$ 11,771	$ 7,546	$ 28,485	$ 20,606
Items that are or may be reclassified subsequently to net income (loss):				
Foreign currency translation differences from foreign operations and other	(19,906)	(2,586)	(22,581)	(2,334)
Other comprehensive (loss) income for the year, net of income tax	(19,906)	(2,586)	(22,581)	(2,334)
Total comprehensive income (loss) for the year	$ (8,135)	$ 4,960	$ 5,904	$ 18,272

See accompanying notes to the condensed combined interim financial statements.

Lumine Portfolio

Condensed Combined Interim Statement of Changes in Net Parent Equity (Deficiency)

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

Unaudited

Nine months ended September 30, 2022

	Net Parent Equity			
	Net Parent Investment	**Accumulated other comprehensive (loss) income**	**Retained earnings (Deficit)**	**Total**
Balance at January 1, 2022	**133,051**	**3,229**	**36,870**	**173,149**
Total comprehensive income (loss) for the year:				
Net income (loss)			28,485	28,485
Other comprehensive income (loss)				
Foreign currency translation differences from foreign operations and other		(22,581)		(22,581)
Total other comprehensive income (loss) for the year	**-**	**(22,581)**	**-**	**(22,581)**
Total comprehensive income (loss) for the year	**-**	**(22,581)**	**28,485**	**5,904**
Transactions with owners, recorded directly in equity				
Capital contributions	31,600			31,600
Dividends to Parent			(44,781)	(44,781)
Balance at September 30, 2022	**164,651**	**(19,352)**	**20,574**	**165,873**

Lumine Portfolio

Condensed Combined Interim Statement of Changes in Net Parent Equity (Deficiency)

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

Unaudited

Nine months ended September 30, 2021

	Net Parent Equity			
	Net Parent investment	Accumulated other comprehensive income (loss)	Retained earnings (deficit)	Total
Balance at January 1, 2021	**118,903**	**5,639**	**22,569**	**147,111**
Total comprehensive income (loss) for the year:				
Net income (loss)			20,606	20,606
Other comprehensive income (loss)				
Foreign currency translation differences from foreign operations and other		(2,334)		(2,334)
Total other comprehensive income (loss) for the year	**-**	**(2,334)**	**-**	**(2,334)**
Total comprehensive income (loss) for the year	**-**	**(2,334)**	**20,606**	**18,272**
Transactions with the Parent, recorded directly in equity				
Capital contributions	**14,635**			**14,635**
Dividends to Parent			**(3,000)**	**(3,000)**
Balance at September 30, 2021	**133,538**	**3,304**	**40,175**	**177,017**

See accompanying notes to the condensed combined interim financial statements.

Lumine Portfolio

Condensed Combined Interim Statements of Cash Flows

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

Unaudited

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Cash flows from (used in) operating activities:				
Net income (loss)	11,771	7,546	28,485	20,606
Adjustments for:				
Depreciation	1,855	1,270	4,165	3,838
Amortization of intangible assets	8,480	6,685	22,543	18,548
Contingent consideration adjustments	(4,612)	1,637	(3,187)	1,455
Finance and other expenses (income)	(210)	(63)	(1,244)	1,250
Income tax expense (recovery)	1,759	5,156	6,947	9,278
Change in non-cash operating assets and liabilities exclusive of effects of business combinations (note 13)	(5,167)	3,212	(28,422)	16,398
Income taxes (paid) received	(1,811)	(2,083)	(4,270)	(4,061)
Net cash flows from (used in) operating activities	12,065	23,360	25,017	67,312
Cash flows from (used in) financing activities:				
Interest paid on lease obligations	(56)	(42)	(121)	(113)
Cash transferred from (to) Parent	(3,290)	(11,733)	66,835	(61,358)
Cash obtained with businesses acquired by Parent (note 14)	-	-	-	1,773
Payments of lease obligations	(640)	(668)	(2,003)	(1,907)
Net cash flows from (used in) in financing activities	(3,987)	(12,442)	64,711	(61,605)
Cash flows from (used in) investing activities:				
Acquisition of businesses (note 4)	-	(5,485)	(79,845)	(5,485)
Cash obtained with acquired businesses (note 4)	-	11	2,871	11
Post-acquisition settlement payments, net of receipts	(764)	-	(3,728)	(343)
Property and equipment purchased	(68)	(314)	(292)	(647)
Net cash flows from (used in) investing activities	(832)	(5,788)	(80,994)	(6,464)
Effect of foreign currency on cash and cash equivalents	(1,436)	(653)	(1,466)	(641)
Increase (decrease) in cash	5,810	4,477	7,267	(1,399)
Cash, beginning of period	28,567	29,269	27,110	35,144
Cash, end of period	34,377	33,745	34,377	33,745

See accompanying notes to the condensed combined interim financial statements.

Notes to the condensed combined interim financial statements

1. Reporting entity

Lumine Portfolio is a global portfolio of 22 communications and media software companies and currently operates as a division of Volaris Group, a subsidiary of Constellation Software Inc. (TSX:CSU) (herein referred to as the "Parent" or "CSI" - references to CSI refer to CSI and its subsidiaries). The address of its registered office is 5060 Spectrum Way, Suite 100, Mississauga, Ontario, Canada. The condensed combined financial statements of Lumine Portfolio as at September 30, 2022 and for the three and nine months ended September 30, 2022 and September 30, 2021 (the "Interim Financial Statements") comprise Lumine Portfolio and its business units (together referred to as the "Business" or "Lumine"). The Business is engaged principally in the development, installation and customization of software and in the provision of related professional services and support for customers globally.

2. Basis of presentation

(a) Statement of compliance

These condensed combined interim financial statements have been derived from the condensed consolidated interim financial statements of CSI to include 22 business units and an allocation of certain directly linked liabilities as described below. The Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") using the principles of combination disclosed in Note 2(e) and the accounting policies disclosed in Note 3 of the Business's 2021 annual combined financial statements.

The policies applied in these condensed combined interim financial statements are based on International Financial Reporting Standards ("IFRS"), issued and outstanding as of February 5, 2023, the date the board of directors approved the condensed combined interim financial statements.

These condensed combined interim financial statements should be read in conjunction with the Business's 2021 annual combined financial statements.

(b) Basis of measurement

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

(c) Functional and presentation of currency

The financial statements of each business unit included in the Interim Financial Statements is measured using the currency of the primary environment in which the business unit operated (the respective functional currency). The Interim Financial Statements are presented in USD, which is the Business's presentation currency.

(d) Use of estimates and judgements

The preparation of the Interim 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, consistent with those disclosed in the 2021 annual combined financial statements and described in these condensed combined interim financial statements. 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.

(e) Principles of combination

(i) General

These financial statements have been prepared on a combined basis as the Business does not constitute a solely dedicated group of legal entities. Unless otherwise noted in the Interim Financial Statements, the principles of combination used in preparing these condensed combined interim financial statements are consistent with those disclosed in the Business's 2021 annual combined financial statements and have been applied consistently to all periods presented in these condensed combined interim financial statements.

The historical results of operations, financial position and cash flows of the Business may not be indicative of what they would have been had the portfolio been a separate stand-alone entity, nor are they indicative of what the Business' results of operations, financial position and cash flows may be in the future. Actual costs that may have been incurred if the Business had been a standalone company would depend on factors, including the chosen organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure. The Interim Financial Statements have been prepared solely to demonstrate the Business's historical results of operations, financial position, and cash flows of the Business for the indicated periods under the Parent's management.

3. Significant accounting policies

Unless otherwise noted in the Interim Financial Statements, the significant accounting policies used in preparing these Interim Financial Statements are unchanged from those disclosed in the Business's 2021 annual combined financial statements and have been applied consistently to all periods presented in these Interim Financial Statements.

The accounting policies have been applied consistently by the Business's business units.

4. Business acquisitions

(a) Nine months ended September 30, 2022

On June 13, 2022, the Business acquired 100% of the shares of Morse Holdings Inc. ("Morse") for cash consideration of $79,845 on closing plus additional holdbacks of $752 and contingent consideration with an estimated acquisition date fair value of $3,298. The contingent consideration is payable on the achievement of certain financial targets in the post-acquisition periods. The obligation for contingent consideration for this acquisition has been recorded at its estimated fair value at the acquisition date. 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. For this arrangement, which includes a maximum, or capped, contingent consideration amount, the estimated increase to the initial cash and holdback consideration is not expected to exceed $4,512. 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.

(In millions of U.S. dollars, except as otherwise indicated)

Morse is a software company catering to the communications and media market, which is a software business similar to existing businesses operated by the Business. The acquisition has been accounted for using the acquisition method with the results of operations included in these Interim Financial Statements from the date of the acquisition.

The gross contractual amounts of acquired receivables was $13,063; however, the Business has recorded an allowance of $1,293 as part of the acquisition accounting to reflect contractual cash flows that are not expected to be collected.

The impact of acquisition accounting applied in connection with the business acquisition in the nine-month period ended September 30, 2022 is as follows:

Cash	$ 2,871
Accounts receivable	11,769
Other current assets	8,906
Property and equipment	2,285
Other non-current assets	5,531
Technology assets	57,010
Customer assets	48,588
	$ 136,960
Current liabilities	$ 14,173
Deferred revenue	11,132
Deferred income tax liabilities	19,423
Other non-current liabilities	8,337
	$ 53,065
Total Consideration	$ 83,895

The acquisition of Morse contributed revenue of $10,325 and net loss of ($717) during the three months ended September 30, 2022 and revenue of $12,251 and net loss of ($676) during nine months ended September 30, 2022. If this acquisition occurred on January 1, 2022, the Business estimates that pro-forma combined revenue and pro-forma combined net income would have been $210,948 and $26,966 compared to the actual amounts reported in the condensed combined statement of income (loss) for the nine months ended September 30, 2022. In determining these amounts, the Business 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, 2022. The net income from acquisitions includes the associated amortization of acquired intangible assets recognized as if the acquisitions had occurred on January 1, 2022.

Due to the complexity and timing of certain acquisitions made, the Business is in the process of determining and finalizing the estimated fair value of the net assets acquired as part of the acquisitions closed during the last quarter of 2021 and the first three quarters of 2022. The amounts determined on a provisional basis generally relate to net asset assessments and measurement of the assumed liabilities, including acquired contract liabilities. The consideration associated with these provisional estimates totals $83,895 as of September 30, 2022.

(In millions of U.S. dollars, except as otherwise indicated)

5. Other assets and other non-current liabilities

(a) Other assets

	September 30, 2022		December 31, 2021	
Prepaid expenses and other current assets	$	13,544	$	10,167
Sales tax receivable		2,541		1,768
Investment tax credits recoverable		4,064		1,675
Other receivables		3,076		3,069
Total other current assets	$	23,225	$	16,679
Investment tax credits recoverable	$	2,772	$	3,788
Costs to obtain a contract		1,361		1,805
Non-current trade and other receivables and other assets		4,723		1,192
Total other non-current assets	$	8,856	$	6,785

(b) Other non-current liabilities

	September 30, 2022		December 31, 2021	
Contingent consideration	$	550	$	1,847
Deferred revenue		1,470		1,793
Provisions (note 7)		5,056		6,486
Other non-current liabilities		5,186		34
Total other non-current liabilities	$	12,262	$	10,160

Lumine Portfolio

Notes to Condensed Combined Interim Financial Statements
(In millions of U.S. dollars, except as otherwise indicated)
(Due to rounding, numbers presented may not foot)
Three and nine months ended September 30, 2022 and 2021
(Unaudited)

6. Intangible assets

	Technology Assets	Customer Assets	Total
Cost			
Balance at January 1, 2021	$ 89,230	$ 50,995	$ 140,225
Acquisitions through business combinations and transfer from parent, including adjustments to prior period business combinations	21,207	21,044	42,251
Effect of movements in foreign exchange and other	(2,261)	(1,580)	(3,841)
Balance at December 31, 2021	$ 108,177	$ 70,459	$ 178,635
Balance at January 1, 2022	$ 108,177	$ 70,459	$ 178,635
Acquisitions through business combinations (Note 4)	57,010	48,588	105,598
Effect of movements in foreign exchange and other	(12,472)	(9,387)	(21,860)
Balance at September 30, 2022	$ 152,714	$ 109,660	$ 262,374
Accumulated amortization and impairment losses			
Balance at January 1, 2021	$ 40,005	$ 11,341	$ 51,346
Amortization for the period	17,478	8,042	25,521
Effect of movements in foreign exchange	(1,052)	(427)	(1,479)
Balance at December 31, 2021	$ 56,431	$ 18,956	$ 75,387
Balance at January 1, 2022	$ 56,431	$ 18,956	$ 75,387
Amortization for the period	14,300	8,243	22,543
Effect of movements in foreign exchange	(6,163)	(2,673)	(8,836)
Balance at September 30, 2022	$ 64,568	$ 24,526	$ 89,095
Carrying amounts			
At January 1, 2021	$ 49,225	$ 39,654	$ 88,880
At December 31, 2021	$ 51,746	$ 51,503	$ 103,249
At January 1, 2022	$ 51,746	$ 51,503	$ 103,249
At September 30, 2022	$ 88,146	$ 85,134	$ 173,280

(In millions of U.S. dollars, except as otherwise indicated)

7. Provisions

At January 1, 2022	6,514
Reversal	(28)
Provisions recorded during the period	189
Provisions used during the period	(1,427)
Effect of movements in foreign exchange and other	(192)
At September 30, 2022	5,056
Provisions classified as other non-current liabilities	5,056

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 Business of uncertain timing or amount.

8. Income taxes

Income tax expense is recognized based on management's best estimate of the actual income tax rate for the interim period applied to the pre-tax income of the interim period for each entity in the combined group. As a result of foreign exchange fluctuations, acquisitions and ongoing changes due to intercompany transactions amongst entities operating in different jurisdictions, the Business has determined that a reasonable estimate of a weighted average annual tax rate cannot be determined on a combined basis. The Business's combined effective tax rate in respect of continuing operations for the three and nine months ended September 30, 2022 was 13% and 20% (41% and 31% for the three and nine months ended September 30, 2021).

The Business is subject to tax audits in the countries in which the Business 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 Business'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 Business's income tax expense may be adversely affected and the Business could also be subject to interest and penalty charges.

9. Net parent equity

Net parent equity represents:

- the Parent's cumulative net investment in Lumine through capital contributions less dividends paid from the Parent since inception, including transfers of entities acquired by the Parent; and
- cumulative operating results, including other comprehensive income (loss).

The nature of transactions between the Business and the Parent has been described in note 14.

Accumulated other comprehensive income (loss)

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

Cumulative translation account

(In millions of U.S. dollars, except as otherwise indicated)

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.

10. Finance costs and other expenses (income)

	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Interest expense on contingent consideration	$ 55	$ 15	$ 148	$ 537
Interest expense on lease obligations	56	42	121	113
Foreign exchange loss (gain)	(460)	(244)	(2,417)	274
Other expenses (income)	138	125	905	326
Finance costs and other expenses (income)	$ (210)	$ (63)	$ (1,244)	$ 1,250

11. Financial instruments

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.

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 Business 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 September 30, 2022 and December 31, 2021 in the condensed combined and carveout interim financial statements are summarized below. The Business has no additional financial liabilities measured at fair value after initial recognition other than those recognized in connection with business combinations.

(In millions of U.S. dollars, except as otherwise indicated)

	September 30, 2022				December 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Liabilities:								
Contingent Consideration	$ -	$ -	$ 5,134	$ 5,134	$ -	$ -	$ 7,252	$ 7,252
	$ -	$ -	$ 5,134	$ 5,134	$ -	$ -	$ 7,252	$ 7,252

There were no transfers of fair value measurement between level 1, 2 and 3 of the fair value hierarchy in the periods ended September 30, 2022 and December 31, 2021.

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

Contingent Consideration

Balance at January 1, 2022	$	7,252
Increase from business acquisitions (note 4)		3,298
Settlements through cash payments and reductions in due from related parties (note 14)		(1,854)
Charges (recoveries) through profit or loss		(3,187)
Interest on contingent consideration liabilities		148
Foreign exchange and other movements		(523)
Balance at September 30, 2022	$	5,134
Contingent consideration classified as current liabilities		4,584
Contingent consideration classified as other non-current liabilities		550

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

The obligations for contingent consideration have been recorded at their estimated fair value at each reporting date. Aggregate contingent consideration of $5,134 (December 31, 2021 – $7,252) has been included in accounts payable and accrued liabilities and other liabilities in the combined 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 condensed combined statements of income resulting in recovery of ($4,612) and ($3,187) has been recorded for the three and nine months ended September 30, 2022, respectively (three and nine months ended September 30, 2021 – expense of $1,637 and $1,455, respectively).

(In millions of U.S. dollars, except as otherwise indicated)

12. Contingencies

In the normal course of operations, the Business is subject to litigation and claims from time to time. The Business may also be subject to lawsuits, investigations and other claims, including environmental, labour, income and sales tax, product, customer disputes and other matters. Management 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, management 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 Business.

13. Changes in non-cash operating working capital

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Decrease (increase) in current accounts receivable	9,348	9,173	4,468	17,332
Decrease (increase) in current unbilled revenue	(137)	(1,713)	(264)	(2,209)
Decrease (increase) in other current assets	(1,865)	2,270	(4,957)	(2,627)
Decrease (increase) in inventories	20	(46)	(2)	(46)
Decrease (increase) in other non-current assets	420	(50)	1,273	(56)
Increase (decrease) in current accounts payable and accrued liabilities, excluding holdbacks from acquisitions	(1,706)	3,002	(15,059)	6,965
Increase (decrease) in current deferred revenue	(9,208)	(8,455)	(12,067)	3,545
Increase (decrease) in current provisions	-	(12)	(28)	(248)
Increase (decrease) in other non-current liabilities	(2,038)	(957)	(1,786)	(6,258)
Change in non-cash operating working capital	(5,167)	3,212	(28,422)	16,398

14. Related party transactions

Transactions with related parties are assumed when a relationship exists between the Business and a natural person or entity that is affiliated with the Business. This includes, amongst others, the relationship between the Business 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 Business's controlling shareholder, CSI. Transactions are transfers of resources, services or obligations, regardless whether anything has been charged.

(a) *Transactions with CSI*

(i) Due from related parties

The Business generates operating cash flows and transfers excess cash to the Parent on a short-term basis to fund the operations of the Parent and business acquisitions completed by the Parent on the Business's behalf. These transfers of excess cash to the Parent are recorded through transfers to the Parent on the combined statement of cash flows. The aggregate short-term funding is recoverable from the Parent within the next 12 months and has been recorded as due from related parties in the combined statement of financial position. At September 30, 2022, the Business had due from related parties of $40,280 (December 31, 2021 - $113,402) which reflects the cash transferred to the Parent for short-term funding and acquisitions completed on its behalf. During the nine month period ended September 30, 2022, the business acquisition described in note 4 was funded by a cash transfer of $79,845 from the Parent resulting in a $48,245 reduction of due from related parties and a $31,600 capital contribution to the Business.

(ii) Due to related parties

The Business pays management fees to CSI (included within "Other, net" expenses) and reimburses CSI for certain expenses paid on behalf of the Business. During the three and nine months ended September 30, 2022, the Business expensed management fees of $870 and $2,497 (September 30, 2021 – $869 and $2,426 for the three and nine months ended). At September 30, 2022, the Business had outstanding amounts due to related parties of $21,014 (December 31, 2021 - $1,773) which reflects the amount owing to the Parent for management fees and the reimbursement of expenses paid on its behalf.

The due from related parties and due to related parties balances are expected to be settled with the Parent over the next twelve months through various cash and non-cash settlement methods, including business transfers and the settlement of related contingent consideration and holdback payables, returns of capital, and non-cash dividends. As such, the ending related party balance with the Parent was recorded as a net asset of $19,266 within due from related parties, net (December 31, 2021 - $111,629).

(iii) Non-cash capital contributions

Periodically, acquisitions are completed by the Parent and transferred to the Business by the Parent immediately following the acquisition. Subsequent to the date of transfer, the Business includes the transferred assets and liabilities. The results of operations of the transferred businesses are included in the combined statements of income from the respective dates of transfer and thereafter. There were no such acquisitions completed by the Parent and transferred to the Business in the nine month period ended September 30, 2022.

(In millions of U.S. dollars, except as otherwise indicated)

During the nine month period ended September 30, 2021, the Parent completed a number of acquisitions on the Business's behalf (the "2021 transferred businesses"). The net assets of the 2021 transferred businesses of $23,448 were transferred to Lumine as capital contributions of $14,635 and a reduction in due from related parties of $8,814.

The 2021 transferred businesses contributed the following to the combined statement of financial position at the date of the respective transfers:

	2021
Cash	1,773
Accounts receivable	3,151
Other current assets	1,749
Property and equipment	150
Deferred income tax assets	32
Technology assets	12,024
Customer assets	10,216
	29,096
Current liabilities	3,251
Deferred revenue	2,039
Deferred income tax liabilities	287
Other non-current liabilities	71
	5,648
Total Consideration	23,448

The 2021 transferred businesses contributed aggregate revenue and a net loss since the respective dates of transfer of $7,668 and $503 respectively during the three month period ended September 30, 2021, and revenue of $13,774 and a net loss of $135 during the nine month period ended September 30, 2021.

The obligations for contingent consideration associated with the 2021 transferred businesses were also allocated to Lumine. During the nine month period ended September 30, 2021, the Business assumed contingent consideration of $579, based on the estimated fair value at the date of transfer and settled contingent consideration of $8,837 by reducing due from related parties. Refer to note 11 for additional information.

(iv) Dividends to the Parent

The business periodically issues dividends to the Parent. When the Business declares a dividend, this is recorded as a reduction in net parent equity. During the nine month period ended September 30, 2022, the Business paid aggregate dividends to the Parent of $44,781 (September 30, 2021 - $3,000).

(In millions of U.S. dollars, except as otherwise indicated)

Dividends declared are immediately settled in cash or as a reduction in amounts due from related parties.

15. Subsequent events

(a) Term loan facility

On October 31, 2022, a business within Lumine closed term loan funding with a Canadian chartered bank, amounting to $39,000, to provide long-term financing in connection with an acquired business. Covenants and guarantees associated with this loan are monitored and reported based on the financial position and financial performance of the acquired business. The loan has a maturity date of October 31, 2026 and bears an interest rate of SOFR plus applicable spreads.

(b) Agreement to acquire 100% of the shares of Wiztivi SAS

On December 12, 2022, the Business entered into an agreement to acquire 100% of the outstanding shares of Wiztivi SAS ("Wiztivi") for aggregate cash consideration of $33,341 on closing plus cash holdbacks of $3,070 and contingent consideration with an estimated acquisition date fair value of nil, for total consideration of $36,411. The contingent consideration is payable on the achievement of certain financial targets in the post-acquisition periods. The obligation for contingent consideration for this acquisition has been recorded at its estimated fair value at the acquisition date. 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. For this arrangement, the maximum contingent consideration amount cannot exceed $5,349 as per the terms of the purchase agreement. 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.

Wiztivi is a software company catering to the communications and media market, which is a software business similar to existing businesses operated by the Lumine Portfolio. The acquisition has been accounted for using the acquisition method with the results of operations included in the combined statements of income for the year ended December 31, 2022 from the date of the acquisition.

The gross contractual amounts of acquired receivables was $3,886; however, the Business has recorded an allowance of $87 as part of the acquisition accounting to reflect contractual cash flows that are not expected to be collected.

The Business is in the process of determining and finalizing the estimated fair value of the net assets acquired as part of this acquisition. The amounts determined are on a provisional basis and generally relate to net asset assessments and measurement of the assumed liabilities, including acquired contract liabilities.

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

Cash	2,424
Accounts receivable	3,799
Other current assets	1,139

(In millions of U.S. dollars, except as otherwise indicated)

Property and equipment	484
Other non-current assets	797
Technology assets	19,481
Customer assets	21,019
	49,143
Current liabilities	3,763
Deferred revenue	280
Deferred income tax liabilities	9,917
Other non-current liabilities	900
	14,860
Goodwill	2,128
Total Consideration	36,411

(c) Agreement to acquire 100% of the shares of WideOrbit Inc.

Lumine Group (Holdings) Inc. (“Lumine Holdings”) is a subsidiary within the Lumine Portfolio. On December 12, 2022, Lumine Holdings entered into an agreement to acquire 100% of the shares of WideOrbit Inc. (“WideOrbit”), subject to regulatory approvals and closing conditions (the “Acquisition”). WideOrbit primarily operates in the advertising market for cable networks, local television stations and radio stations, and is a software business similar to certain existing businesses within the Lumine Portfolio.

On December 31, 2022, CSI completed a corporate reorganization (the “Reorganization”) pursuant to which Lumine Holdings acquired a controlling interest in all of the entities that comprise the Lumine Portfolio. Prior to the closing of the Acquisition, Lumine Holdings will amalgamate (the “Amalgamation”) with Lumine Group Inc. (“Listco”), an indirect wholly-owned subsidiary of CSI, with the resulting entity being Listco. The Reorganization and Amalgamation described above are together referred to as the Combination.

The purchase price for the Acquisition is $490,000 and will be funded through a combination of cash, payment of debt, and issuance of special shares (“Special Shares”) of Listco. Pursuant to the terms of the acquisition agreement, WideOrbit completed its election process allowing eligible shareholders of WideOrbit to rollover a portion of their WideOrbit common shares into Special Shares of Listco. The Special Shares will carry voting rights equivalent to subordinate voting shares (“Subordinate Voting Shares”), with a cumulative dividend entitlement of 5% per annum and can be converted to Subordinate Voting Shares at a pre-determined ratio. The holders of the Special Shares are entitled to redeem some or all of their shares and receive an amount of cash equal to the initial equity value of the Special Shares, plus one Subordinate Voting Share for each Special Share redeemed.

In conjunction with the Combination and Acquisition, Listco will reorganize its share capital and issue 1 super voting share (the “Super Voting Share”), 63,582,712 preferred shares (the “Preferred Shares”) and 63,582,712 Subordinate Voting Shares to CSI. CSI will then distribute the Subordinate Voting Shares to its shareholders pursuant to a dividend-in-kind. The TSX Venture Exchange (“TSXV”) has conditionally approved the listing of these Subordinate Voting Shares on the TSXV. The Preferred Shares issued to CSI are non-voting and are entitled to an annual dividend of 5% and are convertible into Subordinate Voting Shares at a pre-determined ratio. The holders of the Preferred Shares are entitled to redeem some or all of their shares and receive an amount of cash equal to the initial equity value of the Preferred Shares.

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

WIDEORBIT INC.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

See attached.

WIDEORBIT

Consolidated Financial Statements
As of and for the years ended December 31, 2021, and 2020, and
Independent Auditor’s Report
All amounts are in USD rounded to the nearest thousand

WIDEORBIT INC.

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders of WideOrbit Inc.:

Opinion

We have audited the consolidated financial statements of WideOrbit Inc. and subsidiaries (the "Company"), which comprise the consolidated statements of financial position as of December 31, 2021, December 31, 2020, and January 1, 2020, and the related consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows for the years ended December 31, 2021 and 2020, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, December 31, 2020, and January 1, 2020, and the results of its operations and its cash flows for the years ended December 31, 2021 and December 31, 2020, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company, and have fulfilled our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits, which include relevant ethical requirements in the United States of America and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 International Financial Reporting Standards as issued by the International Accounting Standards Board, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation 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 Company's ability to continue as a going concern at least, but not limited to, 12 months from the end of the reporting period, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and ISAs will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and ISAs, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Company’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for a reasonable period of time.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the group audit of the Company. We remain solely responsible for our audit opinion.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ Deloitte & Touche LLP

San Francisco, United States of America

December 11, 2022

WIDEORBIT INC.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(In thousands)

		Year Ended December 31,	
	Notes	**2021**	**2020**
Revenue	5	$ 166,595	$ 151,652
Cost of sales	6	51,714	50,605
Gross profit		**$ 114,881**	**$ 101,047**
General and administrative expenses	6	21,556	21,019
Research and development	6	36,846	34,367
Sales and marketing	6	10,767	11,499
Impairment of intangible assets	6	263	-
Impairment of right of use asset	6	1,634	-
Other expense (income), net	8	150	118
Profit from operations		**$ 43,665**	**$ 34,044**
Finance costs, net	7	(22,879)	(10,446)
Gain (loss) on fair valuation of warrants		(2,445)	(1,494)
Gain (loss) on fair valuation of preferred shares		-	(2,857)
Gain on sale of cash generating unit		39,060	
Profit before tax		**$ 57,401**	**$ 19,247**
Income tax expense	22	14,872	4,436
Profit for the year		**$ 42,529**	**$ 14,811**

WIDEORBIT INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

	Year Ended December 31,	
	2021	**2020**
Profit for the year	**$ 42,529**	**$ 14,811**
Other comprehensive income:		
Item that is or may be reclassified to profit or loss:		
Exchange gain (loss) on translation of foreign operations net of tax	(171)	133
Total comprehensive income for the year	**$ 42,358**	**$ 14,944**

WIDEORBIT INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In thousands)

	Notes	December 31, 2021	December 31, 2020	January 1, 2020
ASSETS				
Non-current assets:				
Property, plant and equipment	9	$ 1,483	$ 1,830	$ 2,701
Right-of-use assets	10	8,139	11,703	14,535
Goodwill	11	7,092	7,092	7,092
Intangible assets	12	1,884	3,263	4,156
Deferred tax assets	22	6,386	5,791	7,499
Contract asset - noncurrent		9,175	2,540	4,393
Other long-term assets		661	940	1,211
Total non-current assets		**$ 34,820**	**$ 33,159**	**$ 41,587**
Current assets				
Inventories	13	781	336	372
Prepayments and other current assets		4,190	6,080	5,051
Trade receivables	14, 16	15,386	24,372	31,746
Income tax receivables - current		16	6,703	6,008
Contract asset - current	16	16,189	15,569	6,938
Cash and cash equivalents	15, 16	57,674	23,427	17,326
Total current assets		**$ 94,236**	**$ 76,487**	**$ 67,441**
Total assets		**$ 129,056**	**$ 109,646**	**$ 109,028**
LIABILITIES AND EQUITY				
Non-current liabilities				
Borrowings	18	154,108	182,653	-
Lease liabilities	10	8,240	10,350	13,308
Deferred revenue - noncurrent	5	2,064	2,491	3,498
Warrant liabilities	16, 17	4,965	2,520	-
Preferred shares liability		-	-	175,010
Other long-term liabilities		1,134	-	41
Total non-current liabilities		**$ 170,511**	**$ 198,014**	**$ 191,857**
Current liabilities				
Accounts payable	19	3,815	3,621	3,221
Accrued expenses	19	12,638	15,593	13,330
Deferred revenue	5	10,340	11,853	21,040
Borrowings - current portion	18	752	585	-
Lease liabilities - current portion	10	3,783	3,612	3,517
Income tax payable - current portion	22	6,223	9	10
Total current liabilities		**$ 37,551**	**$ 35,273**	**$ 41,118**
Total liabilities		**$ 208,062**	**$ 233,287**	**$ 232,975**
EQUITY				
Share capital and share premium		6,879	4,662	16,908
Retained earnings		(85,847)	(128,436)	(140,855)
Other comprehensive income reserve - Cumulative Translation Adjustment		(38)	133	-
Total equity		**$ (79,006)**	**$ (123,641)**	**$ (123,947)**
Total liabilities and equity		**$ 129,056**	**$ 109,646**	**$ 109,028**

WIDEORBIT INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands)

	Share capital and premium	Accumulated other comprehensive income (loss)	Retained earnings	Total
Balance as of January 1, 2020	**$16,908**	**$ -**	**$(140,855)**	**$(123,947)**
Profit for the period	-	-	14,811	14,811
Other comprehensive income	-	133	-	133
Total comprehensive income for the period	**-**	**133**	**14,811**	**14,944**
Transactions with owners in their capacity as owners:				
Share tender transaction and preferred stock conversion	(14,819)	-	(5,248)	(20,067)
Issuance of common stock upon exercise of stock options	338	-	-	338
Stock-based compensation	471	-	-	471
Stock-based compensation tax benefit	1,763	-	-	1,763
Preferred shares valuation adjustment	-	-	2,857	2,857
Balance as of December 31, 2020	**4,662**	**133**	**(128,436)**	**(123,641)**
Profit for the period	-	-	42,529	42,529
Other comprehensive income (loss)	-	(171)	-	(171)
Total comprehensive income for the period	**-**	**(171)**	**42,529**	**42,358**
Distribution from WideOrbit Ltd.	-	-	59	59
Issuance of common stock upon exercise of stock options	755	-	-	755
Stock-based compensation	233	-	-	233
Stock-based compensation tax benefit	1,230	-	-	1,230
Balance as of December 31, 2021	**$ 6,879**	**$ (38)**	**$ (85,847)**	**$ (79,006)**

WIDEORBIT INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Year Ended December 31, 2021	2020
Operating Activities		
Profit before tax	$ 57,401	$ 19,247
Adjustments to reconcile profit after tax to net cash flow from operating activities:		
Interest expense	22,879	10,446
Reserve for (recovery of) accounts receivable	77	663
Stock compensation expense	233	471
Impairment charge	263	-
Depreciation and amortization	4,637	5,009
Loss on extinguishment of debt	2,619	-
Gain on sale of cash generating unit	(39,323)	-
Loss on fair valuation of warrants	2,445	1,494
Loss on fair valuation of preferred shares	-	2,857
Changes in operating assets and liabilities		
Accounts receivable	8,909	6,748
Unbilled accounts receivable	(7,255)	(6,778)
Inventories	(445)	37
Prepaid expenses and other assets	11,423	(1,459)
Accounts payable, accrued, and other liabilities	(10,146)	3,521
Deferred revenue	(1,941)	(10,204)
Interest paid	(20,708)	(9,699)
Income tax paid	(1,250)	(1,498)
Net cash generated from operating activities	**$ 29,818**	**$ 20,855**
Investing Activities		
Acquisition of property and equipment	(1,077)	(410)
Disposal of reporting unit	40,107	-
Net cash provided by (used in) investing activities	**$ 39,030**	**$ (410)**
Financing Activities		
Proceeds from exercise of stock options	756	338
Principal payments on leases	(2,927)	(2,863)
Proceeds from borrowings on term loan		190,000
Repayments of borrowings on term loan	(32,326)	(950)
Payment relating to tender sales and debt issuance		(10,933)
Repurchases of common stock		(189,999)
Net cash used in financing activities	**$ (34,497)**	**$ (14,407)**
Effects of foreign exchange on cash and cash equivalents	(104)	63
Cash provided during the period	34,247	6,101
Cash and cash equivalents at the beginning of the year	23,427	17,326
Cash and cash equivalents at the end of the year	**$ 57,674**	**$ 23,427**

Corporate Information

WideOrbit Inc. ("WideOrbit",) is a leading provider of advertising management technology for cable networks, local television stations and radio stations. WideOrbit's vision is to make it easier to buy and sell advertising. Broadcasters and networks leverage WideOrbit solutions to streamline operations, maximize revenue from traditional, digital and programmatic channels, and extend their business across distribution platforms. WideOrbit was incorporated in the State of Delaware in July 1999 and is headquartered in San Francisco, California with offices across the United States.

1) Statement of compliance with IFRS

The consolidated financial statements, which include WideOrbit and its wholly owned subsidiaries, are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These are WideOrbit's first consolidated financial statements prepared in accordance with IFRS and IFRS 1 *First-time adoption of International Financial Reporting Standards* has been applied.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of WideOrbit is provided in Note 28. The significant accounting policies applied in preparing the consolidated financial statements of WideOrbit as of December 31, 2021, 2020 and January 1st, 2020, are provided in Note 2.

The consolidated financial statements were authorized for issue by the Board of Directors on December 11, 2022.

2) Summary of significant accounting policies

a) *Basis of Preparation*

WideOrbit's consolidated financial statements have been prepared on an accrual basis of accounting under the historical cost convention except for certain financial assets and liabilities that are measured at fair value. The consolidated financial statements are expressed in United States Dollars (USD) and are rounded to the nearest thousands.

b) *Basis of Consolidation*

Financial statements are consolidated between WideOrbit and all subsidiaries as of a fiscal year-end. Intercompany balances are eliminated as appropriate upon consolidation. All subsidiaries follow the same accounting policies as the parent Company to ensure consistent reporting. All subsidiaries are wholly owned, and WideOrbit has no non-controlling interest to consider for consolidation purposes.

c) *Foreign and Functional Currency*

The consolidated financial statements are presented in USD which is also the functional currency of WideOrbit. Subsidiaries' functional currencies are their local currencies (GBP and EUR) and as such, the statements of financial position of the subsidiaries are translated into USD using the spot exchange rate as of the end of business on the last day of the fiscal year. The Statements of Income are translated into USD using the average exchange rates for the period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Gains and losses resulting from the translation of the subsidiary statements of financial position are recorded as a component of accumulated other comprehensive income or loss. The functional currency for all entities has remained unchanged throughout the reporting periods shown on these financial statements.

d) ***Revenue Recognition***

WideOrbit derives revenue from advertising management software products and related services, and advertising and content delivery services. WideOrbit accounts for revenue according to International Financial Reporting Standards (IFRS) 15, *Revenue from Contracts with Customers*.

WideOrbit determines revenue recognition through the following five-step framework:
- Identify the contract with a customer
- Identify performance obligations
- Determine the transaction price
- Allocate the transaction price
- Recognize revenue

Under IFRS 15, revenue is recognized upon transfer of products or services to customers in an amount that reflects the consideration WideOrbit expects to be entitled to in exchange for such products or services. WideOrbit enters into contracts containing multiple product lines or services which are capable of being separate distinct performance obligations. In these arrangements, WideOrbit assesses the contract to allocate the transaction price on a relative standalone selling price (SSP) basis using SSPs updated at least annually.

WideOrbit assesses collectability based on the creditworthiness of customers as determined by credit checks and customer payment history before entering into a contract. WideOrbit's core software contracts are noncancelable, have no obligation for refunds, and WideOrbit retains the ability to stop transferring goods and services at any point in time. Where consideration received does not align with the value of transferred goods and services, WideOrbit expects the related consideration to be received within a year. Invoice payment terms are established at the customer level without regard to specific performance obligations, with invoices typically due in 30 to 60 days.

Sales tax collected from customers is not included in revenue, but rather recorded as a liability due to WideOrbit's obligation to the respective taxing authorities.

Term License & Support - WideOrbit's contracts with customers frequently include on-premise, fixed term subscription licenses which provide a customer with the rights to use software solutions provided by WideOrbit. For most of these on-premise software solutions, WideOrbit's managed support and update services are so integral to the ongoing functionality that the on-premise solution and the accompanying coterminous managed services are unable to be distinct. Because the elements of these types of solutions are unable to be distinct, these are single performance obligation contracts and revenues are recognized ratably over the term of the agreement.

In situations, involving certain product lines, WideOrbit's managed services are not so integral to the ongoing functionality of the solution and therefore the licenses and services are distinct performance obligations, and the transaction price is allocated to the performance obligations using relative SSP. Because the elements of these types of solutions are able to be distinct, they are separate performance obligations in their contracts and revenues related to support are recognized ratably over the term of the agreement while licenses are recognized upon transfer of control. For purposes of disaggregation these amounts are within term license & support

Cloud solutions – Hosted cloud solutions are sold on contracts with customers which allows customers the right-to-use and access the platforms without taking possession of the software over a contracted term. Cloud solutions are recognized ratably over the non-cancellable contract term. For purposes of disaggregation revenue related to these solutions are within Term License & Support.

Standalone Support – WideOrbit provides managed support services to accompany its software licenses. In some situations, WideOrbit will sell an on-premise perpetual license for which the customer can renew said support without purchasing any other services and therefore, the software license and accompanying manager services surrounding support services are capable of being distinct. Managed services are recognized ratably over the non-cancellable term of the contract. For purposes of disaggregation revenue related to these solutions are within Term License & Support.

Professional Services – To the extent they are sold on a stand-alone basis, professional services are recognized as services are performed or upon completion of the project.

Data & Royalties – On certain contracts with customers WideOrbit assesses fees on a transaction basis for using its software solutions. In these arrangements, there is typically not a minimum fee outside of the regular software fee and therefore such fees consist entirely of variable revenue. Variable revenue is constrained until such time as the transactions arise, and WideOrbit believes that the most likely amount of consideration is calculated on a per transaction basis. To the extent that these services are sold with other performance obligations, WideOrbit applies appropriate transaction allocation using relative SSP.

Advertising and Content Delivery Services – WideOrbit's products include access to online and cloud-based interfaces which enable buyers and sellers to purchase and sell advertising, and solutions for customers to deliver content to their audiences.

For *advertising services*, WideOrbit generally bills its customers for the gross amount of the advertising purchases plus any fees and remits to a seller the amount paid by the customer less WideOrbit's fees. WideOrbit may also bill customers a service charge, generally invoiced monthly. The determination of whether WideOrbit is the principal or agent, and hence whether to report advertising services revenue on a gross basis for the amount of the buyer's purchase using WideOrbit's solution, or on a net basis for the retained fees, requires WideOrbit to evaluate a number of indicators, none of which is presumptive or determinative. Factors considered include that advertising pricing is generally determined by the seller and that WideOrbit does not purchase advertising inventory. As a result of these and other factors, WideOrbit has determined it is not the principal in the purchase and sale of advertising in all of its arrangements and therefore reports advertising services revenue on a net basis. Advertising revenue is recognized upon completion of a transaction when an impression has been delivered. For contracts with a monthly commitment, WideOrbit recognizes the monthly minimum as revenue each month.

For *content delivery services*, WideOrbit generally bills customers for a base monthly content delivery usage and specifies the rate at which the customer must pay for actual usage above the monthly minimum. For contracts with a monthly commitment, WideOrbit recognizes the monthly minimum as revenue each month. Should a customer's usage of WideOrbit's services exceed the monthly minimum, revenue for such excess is recognized in the period of additional usage.

Hardware – Hardware is sold in conjunction with perpetual licenses and support to the customer as a bundle. WideOrbit has no ongoing maintenance requirement or ongoing warranty requirement for hardware sold. Hardware is capable of being distinct within the context of the contract and does not meet any of the criteria to be recognized over -time, therefore, it is recognized at a point in time in which control transfers from WideOrbit to the Customer. Of note, WideOrbit has not experienced a frequent or significant volume of returns or refunds, therefore, its refund liability is zero. At least annually, WideOrbit reassesses their need for a refund liability.

Software License Sales – As sold in a bundle with the managed services and hardware as listed above, WideOrbit at times provides on-premise perpetual licenses. These licenses are capable of being distinct from the support and are recognized upon transfer of control to the customer.

Contract assets and liabilities are made up of exclusively unbilled and deferred revenue which amounts to contracts in which performance has been satisfied but not yet billed or the inverse.

Costs to Obtain – WideOrbit has determined that its remuneration to employees based on aggregated executed contract payments represents an ongoing account management fee rather than a conventional cost of obtaining a contract. Therefore, these sales incentive payments are not capitalized.

e) ***Cost of Sales and Operating Expenses***

WideOrbit reports expenses by function on its statement of profit or loss by natural classification or as the expense was incurred.

f) ***Transaction Costs Associated with Debt***

The transaction costs associated with borrowings have been considered using the effective interest method in accordance with IFRS 9.

g) ***Intangible Assets***

Intangible assets acquired separately are measured at cost upon initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of profit or loss in the expense category consistent with the function of the intangible asset.

(i) Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination or an acquisition that are not individually identified and separately recorded. The excess of the purchase price over the estimated fair value of net assets of businesses acquired in a business combination is recognized as goodwill. After initial recognition, goodwill is measured at cost less any accumulated impairment losses, with the carrying value being reviewed for impairment at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired. Goodwill is allocated to each cash generating unit or group of cash generating units which are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Goodwill is recognized as an asset and tested annually for impairment, or more frequently if there is an indication of impairment. Testing for impairment involves comparing the recoverable amount of a cash generating unit with the carrying amount. Any identified impairment loss is first allocated to the goodwill and the remaining impairment loss is allocated to the cash generating unit and to other assets of the cash generating unit on a pro rata basis.

(ii) Acquired Intangible Assets and Impairment

WideOrbit's other intangible assets are made up of customer relationships and backlogs, developed technology, non-compete agreements and trade names acquired as a result of previous acquisition activity. The purchase price was allocated to the identifiable assets and liabilities based on their estimated fair values at the acquisition date. WideOrbit engaged an independent third party to assist with the determination of the fair value of certain identifiable intangible assets. In determining the fair value of the purchased intangible assets, WideOrbit made various estimates and assumptions from significant unobservable inputs (Level 3). The fair value of the developed technology and trade name was valued using the relief from royalty method. The fair value of customer relationships and customer backlog was valued using the excess earnings method. The fair value of purchased identifiable intangible assets was determined using projected financial information.

Description	Estimated Useful Lives
Customer relationships	6 years
Developed technology	10-13 years
Customer backlog	3 years
Software	6 years

(iii) Research and development and internally developed software

WideOrbit's research and development costs are expensed as incurred except for when these costs meet the requirements for capitalization under IFRS which requires management judgement. To date, no research and development costs have met the criteria for capitalization under IFRS. Projects within research and development are analyzed for capitalization criteria upon initiation and monitored periodically throughout the project.

h) ***Property, Plant & Equipment***

The carrying amount of property and equipment is recorded at cost less deduction for accumulated depreciation and any impairment losses. Acquisition cost includes the purchase price and costs directly attributable to the asset in order to bring it into place in the right condition to be used as intended. The assets' residual values and useful life are reviewed, and adjusted if appropriate, at each statement of financial position date. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Description	Estimated Useful Lives
Computer equipment	6 years
Office furniture and equipment	8 years
Leasehold improvements	Lower of Lease term or useful life (not to exceed 10 years)

See Note 9 for the other accounting policies relevant to property, plant and equipment.

Property, plant and equipment is derecognized when it has been disposed or no future economic benefits are expected to arise from its use or disposal. Gains or losses arising from de-recognition of an item of property, plant and equipment is included in the consolidated statement of profit or loss at the time the item is derecognized.

i) ***Impairment of non-financial assets***

Assets that have an indefinite useful life are not subject to amortization and are instead tested annually for impairment. Assets subject to amortization or depreciation are reviewed for impairment whenever events or change in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the highest of an asset's fair value less cost of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating unit). Non-financial assets other than goodwill that have been fully or partially impaired are reviewed for possible reversal of all or part of the impairment loss at the end of each reporting period. The amount of any reversal is restricted to the carrying value of the relevant assets if the original impairment had not occurred (i.e., after taking into consideration normal depreciation had no impairment occurred).

The impairment loss is allocated to reduce the carrying amount of the assets of the cash generating unit (group of units) in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of units); and
- then, to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units).

These reductions in carrying amounts shall be treated and recognized as impairment losses on individual assets and recognized.

j) Leases

WideOrbit will assess if any contract contains a lease upon contract inception where a lease is defined as a written contract which allows WideOrbit the right-to-use and it obtains substantially all the economic benefits of an identified asset for a defined period of time in exchange for consideration. There are no significant lease covenants. WideOrbit enters into lease arrangements for offices and certain office equipment. Office leases are negotiated on an individual basis with a wide variety of terms for anywhere from month-to-month to 8 years, where some have extension or termination options or provisions. Upon the execution of a new lease and at least annually, WideOrbit assesses if they believe they will be exercising any renewal options to determine the lease term.

Certain leases contain both leased components and non-leased components. Most of WideOrbit's non-lease components will relate to common area maintenance and related items. In these instances, WideOrbit has elected the practical expedient to not separate lease and non-lease components as they relate to Office Leases. These components will be combined and recognized as a single lease component to the extent they are based on a fixed determinable payment.

At the lease commencement date, WideOrbit measures and recognizes the right-of-use ("ROU") asset and the lease liability plus any direct costs. The ROU asset is calculated as the present value of future minimum lease payments plus initial direct costs less tenant improvement allowances received. The right-of-use assets are amortized over the shorter of the useful life or the lease term. Periodically, right-of-use assets are assessed for impairment and appropriately reduced by an applicable impairment loss and adjusted for remeasurements of the lease liabilities. These ROU assets are presented together under the same class on the primary consolidated financial statements.

Lease liabilities are measured at the present value of the future fixed minimum lease payments using an appropriately determined incremental borrowing rate in leases where there is not an appropriate implicit rate available. To the extent variable lease payments do not depend on an index, these payments are not included in the initial measurement of the lease liability. Lease liabilities are measured at amortized cost under the effective interest method. Remeasurements, are reflected in the carrying amount of the lease liability or through profit and loss should the ROU asset be zero at the time of remeasurement.

WideOrbit has elected to apply the practical expedient not to recognize the right-of-use asset and accompanying lease liability where the term is less than 12 months, or the right-of-use asset would be less than $5,000. Such leases are recognized as a straight-line basis over the lease term.

k) Financial Instruments

(i) **Classification of financial assets**

WideOrbit classifies its financial assets under the following categories:

- Fair value through profit or loss (FVTP);
- Fair value through other comprehensive income (FVTOCI); and
- Amortized cost.

These classifications are based on the business model of WideOrbit for managing the financial assets, and contractual cash flow characteristics. WideOrbit measures financial asset at amortized cost when it is within the business model to hold assets in order to collect contractual cash flows, and contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. For assets measured at fair value, gains and losses will either be recorded in consolidated statement of profit or loss or consolidated statement of comprehensive income. Currently, there are no FVTOCI financial assets. Financial assets at amortized cost method include trade receivables and contract assets.

(ii) Classification of financial liabilities

WideOrbit classifies all financial liabilities as subsequently measured at amortized cost using the effective interest rate method except for financial liabilities at fair value through profit or loss. WideOrbit designates a financial liability at fair value through profit or loss if doing so eliminates or significantly reduces measurement or recognition inconsistency or where a group of financial liabilities is managed and its performance is evaluated on a fair value basis. Currently, the only FVTPL financial liability is the warrant described in Note 17. Previously, convertible preferred shares with embedded derivatives (hybrid financial liabilities) were held at FVTPL, however, they were converted to common shares and derecognized via the tender offer agreement on July 8, 2020 as seen in Note 20.

(iii) Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position where WideOrbit currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

(iv) Reclassifications

Financial assets are reclassified when WideOrbit changes its business model for managing financial assets. For example, when there is a change in management's intention to hold the asset for a short term or long term. Financial liabilities are not reclassified.

(v) Initial measurement

At initial recognition, financial assets or financial liabilities are measured at their fair values. Transaction costs of financial assets carried at fair value through profit or loss are expensed in consolidated statement of profit or loss. In the case of financial assets or financial liabilities not at fair value through profit or loss, its fair value includes transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability is the initial recognition amount. Trade receivables are measured at transaction price.

(vi) Subsequent measurement

After initial recognition, financial assets and financial liabilities are measured in accordance with their classification.

(vii) Derecognition

WideOrbit derecognizes a financial asset when, and only when, the contractual rights to the cash flows from financial asset have expired, or it transfers substantially all the risks and rewards of ownership of the financial asset. Financial liabilities are derecognized when the obligations specified in the contract are discharged, cancelled or expired. A substantial change in the terms of a debt instrument is considered as an extinguishment of the original liability and the recognition of a new financial liability.

(viii) Impairment
WideOrbit assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortized cost. WideOrbit recognizes a loss allowance for expected credit losses on a financial asset. At each reporting date, WideOrbit recognizes in the consolidated statement of profit or loss the amount of the change in lifetime expected credit losses as an impairment loss. For the impairment of trade receivables and contract assets, WideOrbit applies the simplified approach allowed by IFRS 9.

l) ***Inventory***

Inventory consists of hardware purchased from third parties. Inventory is stated at the lower of cost or net realizable value. Inventory cost is computed using the average cost method that approximates its actual cost. WideOrbit evaluates the valuation of its inventory on a periodic basis. Obsolete inventory or inventory in excess of its estimated usage is written down to its estimated market value less costs to sell, if less than its cost. Inherent in the estimates of market value are estimates related to economic trends, future demand for products, and technological obsolescence. All inventory held by WideOrbit is classified as finished goods.

m) ***Income Taxes***

WideOrbit files income tax returns in the United States federal, various states, and foreign jurisdictions. All US tax returns will remain open for examination by the federal and state taxing authorities for three and four years, respectively, from the date of utilization of any net operating loss carryforwards or research and development credits. Most foreign jurisdictions' statutes of limitations remain open with no expiration dates. In France, since the last audit was completed in 2011, the statute of limitation remains open starting in 2012.

Tax expense – Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively

Current income tax – The current income tax charge is calculated on the basis of the tax laws and tax rates enacted or substantively enacted at the end of the reporting period in the countries where WideOrbit and its subsidiaries operate and generate taxable income.

Deferred income tax – Deferred income tax assets and liabilities are recorded for the temporary differences between transactions that have been included in the consolidated financial statements or income tax returns. Deferred income taxes are provided using the liability method, under which deferred income taxes are recognized for all significant temporary differences between the tax and financial statement bases of assets and liabilities and for certain carryforward items. Deferred income tax assets are recognized only to the extent that, in the opinion of management, it is probable that the deferred income tax assets will be realized. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Uncertain tax positions – WideOrbit periodically evaluates the positions taken in its tax returns with respect to situations in which applicable tax rules may be subject to interpretations. WideOrbit establishes provisions related to tax uncertainties where appropriate, based on an estimate of the amount that ultimately will be paid to the tax authorities

n) ***Cash and Cash Equivalents***

WideOrbit classifies all highly liquid investments purchased with maturity of three months or less as of the date of purchase as cash and cash equivalents.

o) ***Employee Benefits***

Share-based payments

WideOrbit utilizes the Black-Scholes option pricing model to estimate the fair value of its stock options. WideOrbit determines the fair value of its restricted stock units (“RSUs”) based upon the fair value of the shares of its common stock at the date of grant. WideOrbit utilizes the graded-vesting attribution method for recognizing stock-based compensation expense.

The Black-Scholes option pricing model requires various complex and subjective assumptions that represent management’s best estimates of the fair value of WideOrbit’s common stock, volatility, risk-free interest rates, expected life, and dividend yield. Given the absence of an active market for WideOrbit’s common stock, it relies on an independently determined valuation. In valuing WideOrbit’s common stock, the board of directors determines the equity value of WideOrbit’s business generally using the income approach and the market comparable approach valuation methods. The valuations are reviewed and approved by WideOrbit’s board of directors.

The expected term represents the weighted-average period of time that options granted are expected to be outstanding giving consideration to vesting schedules. WideOrbit has estimated the expected term using a simplified method which calculates the expected term as the average of the time-to-vesting and the contractual life of the awards. WideOrbit has never declared or paid cash dividends and does not plan to pay cash dividends in the foreseeable future; therefore, used an expected dividend yield of zero. The risk-free interest rate is based on U.S. Treasury rates in effect during the corresponding period of the grant. The expected volatility is based on historical volatility of peer companies. WideOrbit applies a forfeiture rate to the share-based payment expense.

p) ***Revised IFRS Standards in issue but not yet effective***

WideOrbit has not adopted the following new, revised or amended IFRS standards that have been issued by the IASB but are not yet effective:

In May 2020, the IASB issued amendments to IFRS 9 *Financial Instruments* – Fees in the ’10 per cent’ Test for Derecognition of Financial Liabilities. The amendment is to clarify treatment of any fees a company may include when adding or modifying a financial liability. The new guidance is effective for annual periods starting on or after January 1, 2022, with early adoption being permitted.

In January 2020, IASB issued an amendment to IAS 1 *Classifications of Liabilities as Current or Non-current*. This change affects the presentation of liabilities on the statement of financial position and clarifies which liabilities may be classes as current or non-current. The new guidance is effective for annual periods starting on or after January 1, 2023, with early adoption being permitted.

In January 2020, IASB issued an amendment to IAS 1 and IFRS Practice Statement 2 – *Disclosure of Accounting Policies*. This amendment changes the disclosure requirements to be material accounting policies instead of significant accounting policies. The new guidance is effective for annual periods starting on or after January 1, 2024, as amended, with early adoption being permitted.

In May 2020, the IASB issued amendments to IAS 8 – *Definition of Accounting Estimates*. The amendment changes the way entities develop accounting policies, corrections of corrections and errors, and changes in accounting estimates. The new guidance is effective for annual periods starting on or after January 1, 2023, with early adoption being permitted.

In May 2021, IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*. The update clarifies how entities account for deferred tax on leases and decommissioning obligations by the recognition of both an asset and a liability. The new guidance is effective for annual periods beginning on or after January 1, 2023, with early adoption being permitted.

As of the date the accompanying consolidated financial statements were authorized for issue, WideOrbit continues in evaluating the impact on its financial position and performance as a result of the initial adoption of the aforementioned standards or interpretations and related applicable period. WideOrbit is still assessing the impact of these changes; however, none are expected to be material or significant.

3) Significant Judgements

Use of Estimates

The preparation of financial statements and related disclosures in conformity with IFRS requires WideOrbit to make judgments, assumptions and estimates that affect the amounts reported in the Consolidated Financial Statements and accompanying notes. WideOrbit bases its estimates and assumptions on current facts, historical experience, and various other factors that it believes are reasonable under the circumstances to determine the carrying values of assets and liabilities that are not readily apparent from other sources.

The key assumptions concerning the future and other key sources of estimation uncertainty at the consolidated statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial period include:

a) **Impairment of non-financial assets**

Judgment is required in assessing whether certain factors are an indicator of impairment. Management considers both internal and external information to determine whether there is an indicator of impairment and, accordingly, whether impairment testing is required. When impairment testing is required, discounted cash flow or other relevant models are used to determine the recoverable amount of respective assets. When market transactions for comparable assets are available, these are considered to determine the recoverable amount of assets. Significant assumptions used in preparing discounted cash flow models include growth rates, expected future cash flows, operating costs, capital expenditures, and discount rates. These inputs are based on management's best estimates of what an independent market participant would consider appropriate. Changes in these inputs may alter the results of impairment testing, the amount of the impairment charges recorded in the consolidated statement of profit or loss and the resulting carrying values of assets.

b) **Provisions**

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for litigation are based on an estimate of the costs, taking into account legal advice and other information presently available. Provisions for uncertain liabilities involve management's best estimate whether cash outflows are probable.

c) **Useful lives and residual values of assets**

Management determines the estimated useful life of its property, plant and equipment and other assets (including intangibles) for calculating depreciation/ amortization. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management periodically reviews the estimated useful lives, residual values and the depreciation or amortization methods to ensure that the methods and periods of depreciation/ amortization are consistent with the expected pattern of economic benefit of the assets.

d) **Fair Value**

Fair value is defined as the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining fair value, WideOrbit considers the principal or most advantageous market in which it transacts and assumptions that market participants would use when pricing the asset or liability. WideOrbit uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

4) Interests in subsidiaries

WideOrbit's principal subsidiaries as of December 31, 2021 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by WideOrbit, and the proportion of ownership interests held equals the voting rights held by WideOrbit. The country of incorporation or registration is also their principal place of business.

Name of subsidiary	Principal activities	Place of incorporation and operation	Functional Currency	Ownership interest	
				2021	2020
WideOrbit LLC	Software	United States	USD	100%	100%
WideOrbit Ltd.	Sales	United Kingdom	GBP	100%	100%
WideOrbit France	Software	France	EUR	100%	100%

Reorganization

Pursuant to the terms of the financing agreement for the senior debt facility, WideOrbit was obligated in 2020 to implement a holding company structure in which the current WideOrbit operating company became a wholly owned subsidiary of a new holding company. The holding company is now known as WideOrbit Inc., and the operating company is now known as WideOrbit LLC. All of the shares of common stock and stock options were converted into securities of the new holding company, such that the ownership of the new holding company is identical to the ownership of WideOrbit prior to the reorganization. This reorganization did not require stockholder approval, and allowed the lenders to perfect a security interest in the share of entities owned by the holding company, WideOrbit Inc.

5) Revenue Recognition

WideOrbit's revenue is made up of the following (in thousands):

	Year ended December 31,	
	2021	2020
Term License & Support	$ 149,195	$ 135,279
Professional Services	7,426	8,809
Data & Royalties	4,036	3,632
Advertising and Content Delivery Services	2,916	1,469
Hardware	1,604	1,185
Software License Sales	1,418	1,278
Total Revenue	**$ 166,595**	**$ 151,652**

Term License & Support is primarily comprised of revenue recognized ratably due to the critical nature of the support, however, approximately 11% of such revenue was recognized upon transfer of control for the year ended December 31, 2021 due to certain WideOrbit product support not being critical to the functionality of the underlying licenses. In fiscal year 2020, 6% of term license & support was recognized upon transfer of control. For further information about WideOrbit's accounting policy around this topic see Note 5.

Remaining Performance Obligations- Amounts of a customer contract's transaction price that are allocated to the remaining performance obligations ("RPO") represent contracted revenue that has not yet been recognized. They include amounts recognized as contract liabilities as deferred revenue and amounts that are contracted but not yet due from future periods for committed multi-year arrangements. The transaction price allocated to performance obligations that were unsatisfied or partially unsatisfied as of December 31, 2021, was $396.8 million (December 31, 2020: $325.6 million). This amount mostly comprises obligations to provide term-based licenses and accompanying software support, as the respective contracts typically have durations of three to seven years. The portion of remaining performance obligations related to services consists of non-cancelable revenue from contracts with customers. The majority of this amount is expected to be recognized as revenue over the next 36 months following the respective statement of financial position date. This estimate is based on WideOrbit's best judgment, as it needs to consider estimates of possible future contract modifications.

Contract assets

Contract assets relate to unbilled revenue which are amounts in contracts in which performance has been satisfied but not yet billed. Unbilled revenue that is anticipated to be recognized during the succeeding 12-month period is recorded as current unbilled revenue and the remaining portion is recorded as long-term unbilled revenue. The unbilled revenue balance was $25.4 million, $18.1 million, and $11.3 million as of December 31, 2021, December 31, 2020, and January 1, 2020, respectively.

Contract Liabilities

Contract liabilities are made up of exclusively deferred revenue, which is amounts billed to customers under contracts in which performance has not yet been satisfied. For term licenses and support contracts, WideOrbit typically invoices its customers at the beginning of the term with monthly or quarterly installments, and over multiple contract years. Deferred revenue that is anticipated to be recognized during the succeeding 12-month period is recorded as current deferred revenue and the remaining portion is recorded as long-term deferred revenue. The deferred revenue balance was $11.2 million, $13.9 million and $23.8 million as of December 31, 2021, 2020 and January 1, 2020, respectively. During years presented WideOrbit recognized revenue related to these contract liabilities in the amounts of $7.9 million and $17.4 million for the years 2021 and 2020, respectively.

6) Expenses

The nature of WideOrbit's expenses for the years ended December 31, 2021 and 2020 consist of the following (in thousands):

	For the Year Ended December 31,	
	2021	2020
Compensation	$ 76,862	$ 74,272
Hosting expenses	8,722	6,894
Outsourced development	8,632	6,928
Third party costs	7,527	8,567
Rent and utilities	3,037	1,167
Legal, accounting and professional services	3,625	4,078
Hardware and software	3,175	3,432
Data fee costs	2,145	1,824
Depreciation and amortization	4,637	5,009
Telecommunication expenses	1,220	1,196
Travel and marketing	1,055	1,180
Other operating expenses	2,293	3,061
	$ 122,930	$ 117,608

7) Finance Costs and Finance Incomes

Finance costs/(income) for the years ended December 31, 2021 and 2020 consist of the following (in thousands):

	Year ended December 31,	
	2021	**2020**
Interest expense for borrowings	$ 20,095	$ 9,045
Interest expense for leasing arrangements	613	654
Amortization of debt issuance costs	2,017	673
Bank fees	158	124
Interest income	(4)	(50)
Finance costs total	**$ 22,879**	**$ 10,446**

8) Other Income / (Expense)

Other Income / (Expense) for the years ended December 31, 2021 and 2020 consist of the following (in thousands):

	Year ended December 31,	
	2021	**2020**
Other expenses	$ -	$ (52)
Foreign currency transactions gains (losses), net	53	(122)
Gain on sale of cash generating unit	39,060	-
Other income	(203)	56
Other income/(expense) total	**$ 38,910**	**$ (118)**

On October 20, 2021, WideOrbit entered into the Project Pacific Asset Purchase & License agreement by and between WideOrbit LLC and Audacy Operations, Inc., a transaction in which it sold certain assets and licensed certain technology relating to its Streaming and On Demand product businesses. The consideration for the license was $40.0 million, however the aggregated total of this transaction was $40.1 million, which included adjustments for a mid-month close on invoicing and the purchase of the tangible assets of the Park Tower 5 office in Vancouver, WA used by the reporting unit.

The transaction resulted in a gain of approximately $39.1 million. The net book value of the Streaming and On Demand product businesses prior to the sale was $0.5 million, which includes primarily net intangibles of $0.4 million and property and equipment of $0.1 million. WideOrbit had approximately $0.5 million in legal and other professional fees relating to the deal.

9) Property, Plant & Equipment

Property, plant, and equipment summary below (in thousands):

	Computer equipment	Leasehold improvement and other	Office furniture and equipment	Assets not yet placed in service	Total
Cost					
As of January 1, 2020	**$ 8,476**	**$ 4,708**	**$ 1,092**	**$ -**	**$ 14,276**
Additions	337	22	39	12	410
Disposals	(204)	(120)	(34)	-	(358)
FX Differences	27	3	3	-	33
As of December 31, 2020	**$ 8,636**	**$ 4,613**	**$ 1,100**	**$ 12**	**$ 14,361**
Additions	857	88	21	-	966
Disposals	(7)	(1,243)	(214)	-	(1,464)
Transfer-from construction in progress	12	-	-	(12)	-
As of December 31, 2021	**$ 9,498**	**$ 3,458**	**$ 907**	**$ -**	**$ 13,863**
Accumulated depreciation					
As of January 1, 2020	**$ (7,295)**	**$ (3,323)**	**$(958)**	**$ -**	**$ (11,575)**
Additions	(685)	(527)	(90)	-	(1,302)
Disposals	272	76	30	-	378
FX Differences	10	(30)	(12)	-	(32)
As of December 31, 2020	**$ (7,698)**	**$ (3,804)**	**$ (1,030)**	**$ -**	**$ (12,531)**
Additions	(674)	(276)	(93)		(1,043)
Disposals	(21)	999	216		1,194
As of December 31, 2021	**$ (8,393)**	**$ (3,081)**	**$ (907)**	**$ -**	**$ (12,380)**
Net book value as of January 1, 2020	**$ 1,181**	**$ 1,385**	**$ 134**	**$ -**	**$2,701**
Net book value as of December 31, 2020	**$ 938**	**$ 809**	**$ 70**	**$12**	**$1,830**
Net book value as of December 31, 2021	**$ 1,105**	**$ 377**	**$0**	**$ -**	**$1,483**

10) Leases

This note provides information for leases where WideOrbit is a lessee. WideOrbit does not operate as a Lessor under any situations.

The consolidated statement of financial position shows the following amounts relating to leases (in thousands):

	Right-of-use assets	Lease liabilities
Balance as of January 1, 2020	$ 14,535	$ 16,825
Additions	-	-
Amortization	(2,832)	-
Interest expense	-	654
Payments		(3,517)
Balance as of December 31, 2020	**$ 11,703**	**$ 13,962**

	Right-of-use assets	Lease liabilities
Balance as of January 1, 2021	$ 11,703	$ 13,962
Additions	137	165
Amortization	(2,881)	-
Impairment of Right of Use asset	(1,621)	-
Lease Modification Adjustment	801	823
Interest expense	-	613
Payments	-	(3,540)
Balance as of December 31, 2021	**$ 8,139**	**$ 12,023**

Lease liabilities	**December 31,**		**January 1,**
	2021	**2020**	**2020**
Current	$ 3,783	$ 3,612	$ 3,517
Non-current	8,240	10,350	13,308
Total	**$ 12,023**	**$ 13,962**	**$ 16,825**

Additions to the right-of-use assets during the 2021 and 2020 financial years were $0.9 million and $0.0 million, respectively by extending office leases throughout the period. Note that as of January 1, 2020, WideOrbit adopted IFRS 16 as part of its transition to IFRS. Total cash outflows for capitalized leases during the 2021 and 2020 financial year were $3.5 million and $3.5 million respectively.

The expense relating to payments not included in lease liability is as follows:

	Year ended December 31,	
	2021	**2020**
Short Term and Immaterial	$ 406	$ 529
Variable Lease Payments	855	594
Total	**$ 1,261**	**$ 1,123**

The following table shows the contractual undiscounted cash flows of the leases based on their maturity date:

	December 31, 2021					
	2022	**2023**	**2024**	**2025**	**Thereafter**	**Total**
Lease payments due by year	$ 3,734	$ 3,517	$ 3,530	$ 1,949	$ 221	**$ 12,951**

	December 31, 2020					
	2021	**2022**	**2023**	**2024**	**Thereafter**	**Total**
Lease payments due by year	$ 3,415	$ 3,734	$ 3,517	$ 3,530	$ 2,170	**$ 16,366**

In December 2010, WideOrbit entered into an original lease agreement to rent space in Levi's Plaza in San Francisco, CA and subsequently entered into two amendments to rent two additional office suites within the same building. On November 30, 2021 WideOrbit abandoned the use of the suites referenced in the amendments, reduced the right-of-use asset and recognized the accompanying accelerated amortization expense of $1.6 million included in the "Impairment of right of use asset" line on WideOrbit's consolidated statement of profit or loss. Future lease and common area maintenance payments of $1.9 million are offset by unamortized lease incentives. A total of $0.8 million of fully depreciated fixed assets were also written off at that time.

11) Goodwill

A roll forward of goodwill for the years ended December 31, 2021 and 2020 and January 1, 2020 is as follows (in thousands):

	December 31,		January 1
	2021	**2020**	**2020**
Balance as of beginning of the year	$ 7,092	$ 7,092	$ 7,092
Impairment	-	-	-
Disposal	-	-	-
Foreign currency translation adjustment	-	-	-
Balance as of the end of the year	**$ 7,092**	**$ 7,092**	**$ 7,092**

Impairment testing for cash-generating units containing goodwill

WideOrbit performs its annual goodwill impairment test at the cash-generating unit (CGU) level. WideOrbit's three CGUs are Streaming, Digital Hub, and WideOrbit core product solutions, representing all core aspects of the business. As of December 31, 2021 and 2020, and January 1,2020, only WideOrbit core product solutions had goodwill totaling $7.1 million. The recoverable amount of the CGU was based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used.

The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources. As a December 31, 2021 and 2020, and January 1, 2020, the estimated recoverable amount of the CGU exceeded its carrying amount. There was no reasonably possible change in key assumptions that would cause carrying amount to exceed recoverable amount.

They key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both internal and external sources.

	December 31,		**January 1,**
In percent	**2021**	**2020**	**2020**
Discount rate	20	18	21
Budgeted EBITDA growth rate	4	4	4

The discount rate was a post-tax measurement estimated based on the weighted-average cost of capital of capital, which is determined by computing WideOrbit's post-tax cost of debt from the term loan and cost of equity, which is performed by an unrelated third-party valuation firm.

The cash flow projections included specific estimates for 5 years. Management employed a 5 year forecast of cash flows in making its assessment, rather than perpetual cash flows, noting it demonstrated there was no impairment. In case perpetuities would have been considered the terminal growth rate used would have been 4%. This is based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

Budgeted EBITDA was estimated considering experience and a revenue growth rate projected taking into account the average growth levels experienced over the past 5 years and the estimated sales volume and price growth for the next five years.

12) Other intangible assets

WideOrbit's intangible assets are subject to foreign currency fluctuations. WideOrbit's foreign currency translation gains and losses, including intangibles, are a component of other comprehensive income and loss. Amortization expense recognized in the years ended December 31, 2021 and 2020 was $0.80 million. In 2021, WideOrbit ceased all new sales of the product Digital Hub, which was previously acquired via Fivia in 2014, due to technological obsolescence. WideOrbit assessed that the recoverable amount of the intangible asset related to the product, which was $0.30 million, only consisted of developed technology. Due to no longer selling the product, WideOrbit determined that the carrying value of the intangible asset relating to Digital Hub exceeded the fair value, resulting in an intangible asset impairment loss of the entire balance of $0.30 million recognized in 2021. WideOrbit did not record any charges related to impairment in 2020. See Note 2(g) for the other accounting policies relevant to intangible assets and Note 2(i) for WideOrbit's policy regarding impairments.

Intangible assets consist of the following (in thousands):

	Customer Relationship and Backlog	Developed Technology	Non-Compete Agreements	Trade Names	Internal Use Software	Total
As of January 1, 2020						
Gross Amount	$ 14,984	$ 7,785	$ 669	$ 374	$ 341	$ 24,153
Accumulated Amortization	(12,001)	(3,223)	(576)	(228)	(196)	(16,224)
Accumulated Impairment and Other Charges	(505)	(3,029)	(93)	(146)	-	(3,773)
Closing net book amount	**$2,478**	**$1,533**	**$ -**	**$ -**	**$ 145**	**$ 4,156**
As of December 31, 2020						
Gross Amount	$ 14,984	$ 7,785	$ 669	$ 374	$274	$ 24,086
Accumulated Amortization	(12,491)	(3,557)	(576)	(228)	(200)	(17,052)
Accumulated Impairment and Other Charges	(503)	(3,029)	(93)	(146)	-	(3,771)
Closing net book amount	**$ 1,990**	**$ 1,199**	**$ -**	**$ -**	**$ 74**	**$ 3,263**
As of December 31, 2021						
Gross Amount	$ 14,984	$ 7,785	$ 669	$ 374	$393	$ 24,205
Accumulated Amortization	(12,915)	(3,839)	(576)	(228)	(282)	(17,840)
Accumulated Impairment and Other Charges	(505)	(3,292)	(93)	(146)	-	(4,036)
Disposal of intangible asset	-	(445)	-	-	-	(445)
Closing net book amount	**$ 1,564**	**$ 209**	**$ -**	**$ -**	**$ 111**	**$ 1,884**

13) Inventories

Inventory consists of the following (in thousands):

	December 31,		January 1,
	2021	**2020**	**2020**
Finished Goods	$ 784	$ 348	$ 388
Inventory Reserves	(3)	(12)	(16)
Total	**$ 781**	**$ 336**	**$ 372**

During the years ended December 31, 2021 and 2020, inventories of approximately $0.9 million and $0.8 million respectively, were recognized as an expense during the year and included in cost of sales. There were no material write-downs of inventory during the period or reversal of previously written-down inventory. WideOrbit maintains a relatively small amount of inventory on-hand based on economic trends and future demand for its inventory.

14) Trade receivables

Trade receivables consist of the following (in thousands):

	December 31,		January 1,
	2021	**2020**	**2020**
Trade receivables	$ 14,971	$ 23,917	$ 31,862
Provision for impairment	(1,343)	(1,125)	(689)
Other receivables	1,758	1,580	573
Total	**$ 15,386**	**$ 24,372**	**$ 31,746**

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value. Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. The Receivables are generally due for settlement within 30 days and are therefore all classified as current.

15) Cash and cash equivalents

Consolidated Cash and cash equivalents as of December 31, 2021 and 2020 are below (in thousands):

	December 31, 2021	**December 31, 2020**
Current	$ 57,674	$ 23,427
Non-current	-	-
Total	**$ 57,674**	**$ 23,427**

These balances agree to WideOrbit's consolidated statement of cash flows (amounts in thousands, USD). WideOrbit maintains cash in different currencies and the balances of each, converted to USD, as of December 31, 2021 and 2020 are as follows (in thousands, USD):

	Year Ended December 31,	
	2021	2020
USD	$ 56,768	$ 22,770
EUR	444	115
GBP	260	360
CAD	136	88
AUD	66	94
Total	**$ 57,674**	**$ 23,427**

All cash and cash equivalents mentioned above are available for use by WideOrbit as there are no restrictions placed on them. Cash and cash equivalents consist primarily of cash on hand and money market mutual funds with financial institutions of $54.8 million and $21.6 million as of December 31, 2021 and 2020, respectively.

16) Fair Value of Financial Instruments

WideOrbit applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. These inputs are valued using market-based approaches.

Level 3 – Inputs are unobservable inputs based on WideOrbit's assumptions. These inputs, if any, are valued using internal financial models.

WideOrbit's cash equivalents are classified as Level 1. During 2020, WideOrbit entered a $190 million term loan and a revolving line of credit with an additional maximum of $15 million, which are financial liabilities carried at amortized cost, which approximates its fair value based on borrowing rates currently available to WideOrbit for loans with similar terms. WideOrbit's policy is to recognize asset or liability transfers among Level 1, Level 2, and Level 3 as of the actual date of the event or change in circumstances that caused the transfer. During the two years ended December 31, 2021, WideOrbit had no transfers between levels of the fair value hierarchy of its assets or liabilities measured.

The carrying amounts of WideOrbit's financial instruments including cash and cash equivalents, trade receivables, contract asset - current, contract asset, - non-current, accounts payable, and accrued expenses approximate fair values due to their short-term maturities.

Warrants are classified as a fair value through profit or loss financial liability. The initial and subsequent recognition of the warrants was determined using a Black-Scholes option pricing model, which is considered a Level 3 fair value measurement.

The preferred shares were classified as liabilities due to a deemed liquidation clause leading to a contractual obligation for WideOrbit to deliver cash or other financial assets in certain events were to occur. The conversion feature was an embedded derivative classified as a fair value through profit or loss financial liability due to a down-round feature on the embedded derivatives that does not meet the “fixed for fixed” test. WideOrbit designated the preferred shares as fair value through profit or loss (FVTPL) and combined both the host and the embedded derivative as a single financial liability carried at FVTPL. The initial and subsequent measurement of the convertible preferred shares with embedded derivatives were determined by management and were considered a Level 3 fair value measurement. During fiscal year 2020, the financial liability was remeasured at $178.4 million resulting in a fair value loss of $2.9 million for the period of January 1, 2020 through the date of extinguishment.

Fair Values of Financial Instruments by Instrument Classification (in thousands):

December 31, 2021

Financial assets	FVTPL	Amortized Cost	Carrying Amount
Cash and cash equivalents	$ -	$ 57,674	$ 57,674
Trade receivables, net	-	15,386	15,386
Contract assets, current	-	16,189	16,189
Contract assets, non-current	-	9,175	9,175
Total Financial Assets	**-**	**$ 98,424**	**$ 98,424**

Financial liabilities	FVTPL	Amortized Cost	Carrying Amount
Accounts payable	$ -	$ 3,815	3,815
Accrued expenses	-	12,638	12,638
Warrant liabilities	4,965	-	4,965
Long term portion of debt	-	154,108	154,108
Total Financial Liabilities	**$ 4,965**	**$ 170,561**	**$ 175,526**

December 31, 2020

Financial assets	FVTPL	Amortized Cost	Carrying Amount
Cash and cash equivalents	$ -	$ 23,427	$ 23,427
Trade receivables, net	-	24,372	24,372
Contract assets	-	15,569	15,569
Contract assets, non-current	-	2,540	2,540
Total Financial Assets	**-**	**$ 65,908**	**$ 65,908**

Financial liabilities	FVTPL	Amortized Cost	Carrying Amount
Accounts payable	$ -	$ 3,621	$ 3,621
Accrued expenses	-	15,593	15,593
Warrant liabilities	2,520	-	2,520
Current portion of debt	-	585	585
Long term portion of debt	-	182,653	182,653
Total Financial Liabilities	**$ 2,520**	**$ 202,452**	**$ 204,972**

17) Warrants

In connection with the financing agreement for the senior debt facility and line of credit entered into on July 8, 2020, WideOrbit entered into a Warrant Purchase Agreement under which the lenders received warrants to purchase 4.9 million common shares, equal to 7.0% of WideOrbit's outstanding shares of capital stock, calculated immediately following the tender offer settlement date and on a fully diluted basis. The lenders have the right to purchase the shares at any time from July 8, 2020 through the earliest of July 8, 2030 or the later of (i) 1 year after the closing of an IPO or direct company listing, in each case of at least $75.0 million of equity interests becomes listed for trading or (ii) the expiration of all shareholder lock-up periods pursuant to such IPO, including pursuant to the warrant. The fair value of the warrants upon issuance was $1.1 million, which was determined using the Black-Scholes option-pricing model with assumptions commensurate with stock options as disclosed in Note below. The warrant is classified as a financial liability and is reflected at fair value in WideOrbit's statement of financial position. The fair value of the warrant is measured at each reporting period. The changes in the fair value of the warrant are recorded as a gain or loss in the statement of profit or loss.

The warrant purchase price is equal to the tender offer price of $2.10 per share, subject to any dilutive common stock adjustments, price-based dilution, or special distributions including dividends. Upon exercise, instead of payment of the exercise price in cash, the holder may elect to "net exercise" the warrant and pay the exercise price by surrendering that number of shares subject to the warrant as equal to the aggregate exercise price for the warrant shares being acquired divided by the fair market value per share of WideOrbit's common stock as of the applicable date of determination. To the extent the warrant holders receive aggregate net cash proceeds in excess of $20.0 million upon a change of control or IPO, or the sale, transfer or other disposition of the warrants or shares of common stock, any cash proceeds in excess of $20 million will be reduced by 50%.

WideOrbit used a Black-Scholes option pricing model to determine the fair value of the warrants. The volatility was determined based on the historical volatilities of comparable publicly traded companies over a period equal to the expected average of the warrant's life. The risk-free rate of interest was interpolated from the U.S. Constant Maturity Treasury rate curve to reflect the remaining expected life of warrants. The fair value of the ordinary shares underlying the warrants has historically been determined by WideOrbit's Board of Directors because there is no public market for the ordinary shares underlying the warrants, the Board of Directors determined the fair value of the ordinary shares underlying the warrant at the initial recognition and subsequent recognitions by contemporaneous valuations performed by unrelated third-party valuation firms as well as a number of objective and subjective factors including valuation of comparable companies, operating and financial performance, the lack of liquidity of capital stock and general industry specific economic outlook, among other factors.

The assumptions used to value WideOrbit's warrants at the initial recognition and during the year ended December 31, 2021 and December 31, 2020 were as follows:

	Initial recognition as of July 8, 2020	**Subsequent measurements for the year ended December 31, 2021 and 2020**
Discount for cap on returns and Dilution	22%	22%
Holding period (years)	5	3
Volatility (annualized %)	24%	50%
Dividend Yield	0%	0%
Risk-Free Interest Rate	0.28%	0.16% - 3%

18) Borrowings

On July 8, 2020 WideOrbit entered into a senior debt facility with various lenders to fund the repurchase of shares in a tender offer launched in June 2020 (see note 20 for further information on the tender offer). The senior debt facility provides term loans in the aggregate original principal amount of $190.0 million and a $15.0 million revolving line of credit. Interest on the loans accrues, at WideOrbit's option, at a base rate plus a margin of 7.5% or LIBOR plus 8.5%. The interest periods for the LIBOR loans are one, two, three or six months as selected by WideOrbit. The interest rate in effect as of December 31, 2021 and December 31, 2020 was 9.75%. The term loans are repayable in quarterly installments of 0.25% of the original aggregate principal amount commencing on September 30, 2020. WideOrbit may prepay the loans in whole or in part, subject to a prepayment premium in certain circumstances. In addition, the loans are subject to mandatory prepayment from certain asset sales, insurance proceeds and excess cash flow. Once repaid or prepaid, the term loans may not be reborrowed. The term loans mature, and the revolving loan commitments terminate on July 8, 2025, when all outstanding principal amounts and accrued and unpaid interest on the term debt and any outstanding revolving loans will be due.

In addition to the four quarterly installments, on October 22, 2021 WideOrbit made a partial repayment of $28.4 million on the term loans principal as well as a $2.0 million prepayment premium for extinguishment of debt. As of December 31, 2021 and December 31, 2020, WideOrbit had $158.7 million and $189.1 million in outstanding principal on the term loan, respectively. WideOrbit had no outstanding revolving line of credit as of either date.

The obligations under the senior debt facilities are guaranteed by WideOrbit and are required to be guaranteed by certain subsidiaries and are secured by granting a first priority lien on substantially all of WideOrbit's and each guarantor's assets, including a pledge of all of the capital stock of each of its subsidiaries. The borrowings are subject to certain financial covenants and restrictions. WideOrbit was in compliance with all financial covenants and restrictions as of December 31, 2021 and December 31, 2020.

Borrowings consist of the following (in thousands):

	December 31,					
	2021			2020		
	Current	Non-current	Total	Current	Non-current	Total
Term Loan	$ 752	$ 154,108	$ 154,860	$ 585	$ 182,653	$ 183,238
Total secured borrowings	**$ 752**	**$ 154,108**	**$ 154,860**	**$ 585**	**$ 182,653**	**$ 183,238**

Future payments on the term loan are as follows (in thousands):

	December 31, 2021
2022	$ 1,900
2023	1,900
2024	1,900
2025	153,040
Total	**$ 158,740**

On October 22, 2021, WideOrbit made a partial repayment of $28.4 million on the term loan balance. This resulted in a change to the discounted cash flows from the fiscal year 2020 future payment schedule and was characterized as a debt extinguishment. Upon the extinguishment, the term loan was derecognized and subsequently remeasured based on the estimated cash flows post-extinguishment. WideOrbit recorded a loss of $2.0 million on the extinguishment of debt which resulted in a change in future payments. As a result of the extinguishment, the future payment at the end of the term loan has been reduced to $158.7 million.

19) Accounts payable and accrued expenses

These amounts represent liabilities for goods and services provided to WideOrbit prior to the end of the financial year which were unpaid at year end. The amounts are unsecured and are usually paid within 30 days of recognition. The carrying amounts are considered to be the same as their fair values, due to their short-term nature.

	December 31,		January 1,
Current liabilities	2021	2020	2020
Accounts payable	$ 3,815	$ 3,621	$ 3,221
Accrued expenses	12,638	15,593	13,330
Total	**$ 16,453**	**$ 19,214**	**$ 16,551**

20) STOCKHOLDERS' EQUITY

Tender Offer and Agreement

On June 3, 2020, WideOrbit launched a tender offer to purchase eligible shares of its capital stock and vested stock options at an offer price of $2.10 per share. The tender offer was open for 20 business days and expired on June 30, 2020. The purchase of shares pursuant to the tender offer closed on July 8, 2020, with WideOrbit repurchasing $190.0 million in shares held by eligible stockholders and option holders that participated in the tender offer. Funding for the share repurchase came from amounts borrowed under the senior debt facility.

Simultaneously on the offer date of June 3, 2020 and in connection with the proposed tender offer, WideOrbit entered into a Tender and Support Agreement with the largest holders of its convertible preferred stock, including Eric Mathewson, CEO of WideOrbit Inc. These stockholders represented a majority of the outstanding shares of the Series D convertible preferred stock, Series C convertible preferred stock, the combined outstanding shares of Series B-2 and B-1 convertible preferred stock and of Series A convertible preferred stock. In this agreement, the participating holders agreed to convert all of WideOrbit's preferred stock into shares of common stock. The holders of preferred stock also agreed to tender all of their shares of eligible stock, with the exception of Eric Mathewson, CEO, who was limited to sell no more than $10.0 million in an aggregate value of eligible shares.

The tender offer established eligible stockholders as any person or entity that owned WideOrbit's outstanding common or preferred stock or held vested and unexercised stock options. The tender offer established a priority for repurchasing shares in the event the aggregate value of the eligible shares tendered in the offering exceeded the maximum aggregate offering amount. The tender offer prioritized preferred shares to be repurchased first. Any remaining offering amount after repurchasing all tendered preferred shares was allocated on a pro-rata basis for all tendered shares of common stock and tendered vested stock options as one class. Unvested stock options as of June 1, 2020 were not included in the tender offer and continue to be governed by the original terms of their award plans. Additionally, any remaining vested and unexercised stock options that were either not tendered or not accepted in the tender offer retain their original terms and settlement features.

As a result of the preferred stock conversion, and following the tender offer settlement date of July 8, 2020, WideOrbit's capital stock consists solely of common stock and rights to purchase common stock. Eric Mathewson, CEO, and entities controlled by Mr. Matthewson collectively own more than 50.1% of the fully diluted voting and economic capital stock of WideOrbit and have the ability to elect a majority of the Board of Directors.

Convertible Preferred Stock

WideOrbit, subject to the provisions of its Certificate of Incorporation and limitations prescribed by Delaware law, is authorized to issue convertible preferred stock in one or more series; to establish from time to time the number of shares included within each series; to fix the rights, preferences and privileges of the shares of each wholly unissued series and any qualifications, limitations or restrictions thereon; to increase or decrease the number of shares of any such series (but not below the number of shares of such series then outstanding) with a majority vote by the convertible preferred and common stockholders voting together as a single class on an as-if-converted basis. All such outstanding preferred shares were converted to common shares as a part of the July 8, 2020 preferred share conversion and tender offer.

Common Stock

All shares are equally eligible to receive dividends and the repayment of capital. The share capital of WideOrbit as of December 31, 2021 and 2020, was as follows (in thousands):

Authorized 100 million shares of Common Stock, $0.001 par value per share, as of December 31, 2021, and 2020.

Issued and fully paid:

	Shares	Amount
Shares issued and outstanding as of January 1, 2020	**49,798**	**$ 50**
Share tender transaction and preferred stock conversion	1,245	1
Exercise of share options	1,331	1
Shares issued and outstanding as of December 31, 2020	**52,374**	**52**
Shares issued and outstanding as of January 1, 2021	**52,374**	**52**
Exercise of share options	1,559	2
Shares issued and outstanding as of December 31, 2021	**53,933**	**$ 54**

WideOrbit has reserved shares of common stock for issuance as of December 31, 2021 as follows (in thousands):

	December 31,		January 1,
	2021	2020	2020
Common stock options available for future grant	2,209	1,545	890
Common stock options outstanding	8,951	11,774	22,269
Common stock shares reserved for warrant exercises	4,945	4,945	-
Total	**16,105**	**18,264**	**23,159**

As of December 31, 2021 and 2020, there were no shares held by WideOrbit as treasury shares.

21) EQUITY AND SHARE BASED EQUITY AWARDS

Equity Compensation Plans

The 1999 Stock Plan (the “1999 Plan”), as amended, provides for the grant of stock options, stock appreciation rights, restricted stock and restricted stock units to employees, directors, and consultants of up to 38.8 million shares of common stock. This 1999 Plan was terminated during 2009; however, the terms of the 1999 Plan will continue to govern any outstanding awards thereunder.

The 2009 Stock Plan (the 2009 Plan), as amended, extends the 1999 Plan and provides an aggregate of 8.30 million shares of common stock in addition to any shares or awards subject to the 1999 Plan. The 2009 Stock Plan provides that it continues in effect for a term of 10 years from the later of (a) the effective date of the plan or (b) the most recent increase in the number of shares reserved under the plan. WideOrbit's most recent share increase was in 2021, so the plan will run until 2031.

Common stock purchase rights may also be granted under the 1999 Plan and the 2009 Plan (collectively referred to as the "Stock Plans"). Options must be issued at prices not less than 100% and 85%, for incentive and non-statutory options, respectively, of the estimated fair value of the common stock on the date of grant and are exercisable for periods not exceeding 10 years from the date of grant. Incentive stock options granted to stockholders who own greater than 10% of the outstanding stock at the time of grant are exercisable for periods not exceeding five years from the date of grant and must be issued at prices not less than 110% of the estimated fair value of the common stock at the date of grant. Options granted under the Stock Plans generally vest ratably over four years following the date of grant, although the Board of Directors may issue options that vest over a period up to five years. WideOrbit has certain repurchase rights and rights of first refusal on shares purchased under the Stock Plans.

In March and May 2014, the Board of Directors approved an amendment to the 2009 Plan to increase the number of shares allocated to the 2009 Stock Plan by 6.0 million and 3.1 million, respectively. In January 2015, the Board of Directors approved an amendment to the 2009 Plan to increase the number of shares allocated to the 2009 Stock Plan by 3.8 million shares. In August 2021, the Board of Directors approved an amendment to the 2009 Plan to increase the number of shares reserved for issuance under the 2009 Stock Plan by 3.0 million shares. As of December 31, 2021, the 2009 Plan had 25.0 million shares reserved and 2.2 million shares available for future grants.

Stock Option Activities

The following table sets forth the summary of option activity under WideOrbit's stock option programs (in thousands, except per share amounts and years):

	Options Outstanding			
	Number of Shares Outstanding	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Life (in years)**	**Aggregate Intrinsic Value**
Balances, January 1, 2020	**20,528**	**0.58**	**4.7**	**30,067**
Options granted	551	2.1		
Options exercised	(1,331)	0.25		
Options forfeited	(7,974)	0.47		
Balances, December 31, 2020	**11,774**	**0.76**	**4.96**	**15,816**
Options granted	0	0		
Options exercised	(1,559)	0.48		
Options forfeited	(1,264)	0.87		
Balances, December 31, 2021	**8,951**	**0.79**	**4.16**	**20,060**

As of December 31, 2021:

Outstanding	8,951	0.79	4.16	20,060
Exercisable	8,610	0.75	4.01	19,613

The intrinsic value of the employee options exercised during the years ended December 31, 2021 and 2020 was $2.6 million and $2.4 million, respectively. The intrinsic value is calculated as the difference between the market value of the stock on the date of exercise and the exercise price of the option.

The weighted-average grant date fair value per share of employee options granted during the year ended December 31, 2020 was $0.94. WideOrbit issued no new stock option grants for the year ended December 31, 2021. The total fair value of stock options vested was approximately $0.4 million and $1.2 million for the years ended December 31, 2021 and 2020, respectively.

The range of exercise prices for stock options outstanding on December 31, 2021 is as follows (in thousands for shares):

	Options Outstanding			Options exercisable	
Range of Exercise Prices	**Number of outstanding shares**	**Weighted average remaining contractual life**	**Weighted Average Exercise Price ($)**	**Number of exercisable shares**	**Weighted average exercise price ($)**
$ 0 - $ 0.5	3,971	2.15	0.43	3,971	0.43
$ 51 - $ 1.00	2,235	3.78	0.77	2,235	0.77
$ 1.01 - $ 1.50	2,186	7.17	1.13	2,056	1.13
$ 1.51 - $ 2	13	3.62	1.53	13	1.53
$ 2 - $ 2.50	546	8.72	2.1	335	2.1

Restricted Stock Units

In August 2021, WideOrbit issued a total of 3.75 million restricted stock units to certain WideOrbit employees. As of December 31, 2021, 3.6 million of those units remained outstanding, with 0.15 million having been forfeited. A total of 1.2 million shares have a time-based service requirement (the “RSU”s) over the next four years as with WideOrbit’s standard options, and 2.4 million shares have annual performance target requirements (the “PSU”s) with four equal tranches allocated to each year of the next four years. For the RSUs, the time (service) based requirement has a one-year cliff and a subsequent quarterly achievement pattern. For the PSUs, the performance targets will be set at the beginning of each performance period.

The vesting of these restricted stock units and performance-based restricted stock units is contingent upon a liquidity event, which the agreement has defined as any of the following:

- Private Company Tender Offer (partial satisfaction):
- IPO: Underwriting Offering, SPAC, Direct listing (full satisfaction)
- Qualified Change Control: the consideration received by holders of WideOrbit’s capital stock is cash, marketable securities registered under the Securities Act (full satisfaction).

For both the time-based restricted stock units and the performance based restricted stock units, vesting will not occur until both the service-based requirement or performance requirement (as applicable) and the liquidity event requirement are considered probable. Further, the award will not vest unless the recipient continuously remains employed through a liquidity event even if some or all of the service-based requirements or performance requirements (as applicable) have been satisfied on the date the recipient's employment with WideOrbit terminates prior to the occurrence of a liquidity event.

Had a liquidity event taken place, it would have resulted in compensation expense of $3.4 million for both the vested RSUs and PSUs as the performance target was met. An additional $7.0 million of compensation expense pertains to units tied to performance targets over the following three years. Because the vesting of these RSUs is dependent on a qualified liquidity event, WideOrbit had to assess the probability of such an event in order to determine the expenses related to the share-based payments for the periods. For the years ended December 31, 2021 and 2020, WideOrbit assessed that the liquidity event was not probable, and therefore no compensation expense was recognized.

	Time-based Units outstanding	Performance-based units outstanding
Balance, January 1, 2020	**-**	**-**
Units granted	-	-
Units forfeited	-	-
Balances, December 31, 2020	**-**	**-**
	-	-
Balances, January 1, 2021	**-**	**-**
Units granted	1,250	2,500
Units forfeited	(50)	(100)
Balances, December 31, 2021	**1,200**	**2,400**

Shares Available for Grant

The following table presents the stock activity and the total number of shares available for grant under the 2009 Plan as of December 31, 2021 (in thousands):

	Shares available for grant
Balances, January 1, 2021	1,545
Options granted	**0**
Options forfeited	1,264
Shares added to the pool	3,000
RSU granted	(3,750)
RSU forfeited	150
Balances, December 31, 2021	**2,209**

Valuation Assumptions

The fair value of each stock option grant under the stock option plans is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	December 31,		January 1,
	2021	**2020**	**2020**
Risk - free interest rate	-	0.32%	2.22%
Dividend yield	-	0%	0%
Volatility	-	50%	44.86%
Expected life (in years)	-	5.6	5.6

Stock-Based Compensation Expense

Stock-based compensation expense is categorized as follows (in thousands):

	Year ended December 31,	
	2021	2020
Cost of revenue	$ 89	$ 178
Research and development	78	155
General and administrative	43	84
Sales and Marketing	23	54
Total stock-based compensation expense	**$ 233**	**$ 471**

As of December 31, 2021, total unrecognized compensation costs related to unvested stock options was $0.10 million. The remaining unrecognized costs are expected to amortize over a weighted-average period of 1 year as of December 31, 2021.

Stock Option Modifications

During the year ended December 31, 2017, WideOrbit modified 4,817,000 options that had an exercise price greater than $0.93 to have an exercise price of $0.93. The total incremental fair value associated with the modification was approximately $0.4 million and was fully amortized at the end of 2020.

Retirement Plan

WideOrbit has a qualified 401(k) plan for all eligible U.S. employees, which is considered a defined contribution plan as defined under IAS 19. Employees may defer a portion of their pretax earnings not to exceed the annual maximum as set by law. WideOrbit, at its discretion, may make contributions for the benefit of eligible employees. WideOrbit contributed $1.6 million and $1.5 million to the 401(k) Plan for the years ended December 31, 2021, and 2020, respectively. WideOrbit has no long-term benefit obligations for the reporting periods.

Employee benefit obligations consist of the following (in thousands):

	Year Ended December 31,	
	2021	2020
Vacation	$ 3,201	$ 3,457
Severance	113	-
Other Benefits	172	146
Total employee benefit obligations	**$ 3,486**	**$ 3,603**

22) Income Taxes

The income tax amounts recognized in profit and loss are as follows:

	December 31,	
	2021	2020
Current tax expense:		
Current income tax	$ 14,265	$ 838
Deferred tax expense:		
Origination and reversal of temporary differences	607	3,598
Total tax expense	**$ 14,872**	**$ 4,436**

On March 27, 2020, the US Coronavirus Aid, Relief and Economic Security ("CARES") Act was enacted and signed into law. The CARES Act includes several significant business tax provisions that, among other things, would eliminate the taxable income limit for certain net operating losses ("NOL") and allow businesses to carry back NOLs arising in 2018, 2019 and 2020 to the five prior years, suspend the excess business loss rules, accelerate refunds of previously generated corporate alternative minimum tax credits, and loosen the business interest limitation under IRS section 163(j) from 30 percent to 50 percent beginning in 2019 and 2020. The modification would significantly increase the allowable interest expense deduction of WideOrbit, which results in significantly less taxable income for the year ended 2020. Impacts of other tax provisions of the CARES Act to WideOrbit are not material.

During the year ended December 31, 2021, WideOrbit recorded income tax provision of $14.9 million, which was primarily attributable to gain on sale of assets and IP of its Streaming and On Demand product businesses. WideOrbit's actual tax provision differed from the statutory federal income tax expense using a tax rate of 21% for the period ended December 31, 2021 primarily due to state income taxes driven by the gain mentioned above.

During the year ended December 31, 2020, WideOrbit recorded an income tax provision of $4.4 million, which was primarily attributable an to increased stock compensation deduction as the result of Company stock buyback. WideOrbit's actual tax provision differed from the statutory federal income tax expense using a tax rate of 21% for the period ended December 31, 2020 primarily due to certain transaction cost deductions, nondeductible expenses, and tax credits.

WideOrbit is subject to periodic examination of its income tax returns by other state authorities. As of December 31, 2021, WideOrbit is open for an examination from the Internal Revenue Service (IRS) from 2016 onwards.

A reconciliation of the income tax expense to the expected amount using WideOrbit's US tax rate is as follows (in thousands):

	Year ended December 31,	
	2021	**2020**
Profit/ loss before taxation	$ 57,401	$ 19,247
United States Tax Rate	21%	21%
Expected United States income tax expense	$ 12,181	$ 4,086
Increase (reduction) in income taxes resulting from:		
State tax, net of federal benefit	3,123	320
Stock-based compensation expense	(2)	659
Permanent items	(267)	(11)
ISO Disqualifying Disposition/NQ Exercise	(4)	483
Tax Reserve	38	84
Research & Development Tax Credits	(462)	(480)
Transaction Costs	0	(967)
Warrant Liability	513	313
Others	(248)	(51)
Total income tax expense	**$ 14,872**	**$ 4,436**

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of WideOrbit's net deferred tax assets are as follows (in thousands):

Deferred Tax Assets	**December 31,**		**January 1,**
	2021	**2020**	**2020**
Deferred revenue	$ 2,514	$ 1,829	$ 3,172
Tax credits carryforwards	74	1,134	1,078
Accrued expenses and reserves	1,306	1,653	1,295
Intangible asset basis differences	607	1,032	1,086
Net operating loss carryforwards	563	718	853
Stock-based compensation	2,906	1,620	2,775
Deferred Tenant Improvement Allowance	83	120	204
Intra-entity Intangible basis difference	197	198	190
Nondeductible Interest Expense	-	411	-
Fixed asset basis differences	(24)	(361)	-
Acquired intangibles	(27)	9	-
State Taxes	564	86	155
Capitalized consulting cost	-	-	258
Cease Use Lease	591	-	-
Lease Liabilities	3,180	3,691	4,433
Total Deferred Tax Assets	**$ 12,534**	**$ 12,140**	**$ 15,499**
Deferred Tax Liabilities			
Goodwill difference	$ (1,366)	$ (1,217)	$ (1,066)
Deferred costs	(591)	(607)	(589)
Sec 481 Adjustments	(1,074)	(928)	(1,387)
Fixed asset basis differences	-	-	(502)
Acquired intangibles	-	-	(24)
Lease Right-of-use assets	(3,117)	(3,597)	(4,432)
Total Deferred Tax Liabilities	**(6,148)**	**(6,349)**	**(8,000)**
Net Deferred Tax Assets	**$ 6,386**	**$ 5,791**	**$ 7,499**

	December 31,	
Deferred tax movement:	**2021**	**2020**
Amounts recognized directly in income statement	$ (607)	$ (3,598)
Amounts recognized directly in equity	1,202	1,889
	$ 595	**$ (1,709)**

At December 31, 2021, WideOrbit had federal, state, and foreign net operating loss carryforwards of approximately $2.3 million, $0.3 million, and $0.2 million respectively, available to reduce future taxable income, if any. If not utilized, the federal net operating loss will expire starting in year 2022, state net operating losses will expire starting in year 2022. Foreign net operating losses can be carried forward indefinitely.

As of December 31, 2021, WideOrbit had research and development credit carryforwards of approximately $35 thousand and $1.8 million available to reduce future taxable income, if any, for Federal and California income tax purposes, respectively. The Federal research and development credit carryforwards expire beginning 2031 and California research and development credit carryforwards do not expire.

WideOrbit believes it has made adequate provision for the liabilities likely to arise from periods that are open and not yet agreed by tax authorities. The ultimate liability for such matters may vary from the amounts provided and is dependent on the outcome of agreements with relevant tax authorities or litigation where appropriate. As a multinational Company, tax uncertainties remain primarily in relation to tax attributes. Management has concluded tax provisions made to be appropriate and does not believe a significant risk of material changes to uncertain tax positions in the next 12 months.

23) Related party transactions

Significant Related Party Agreements

WideOrbit has conducted sales transactions with a member of its board of directors. Revenue from stockholders reflected in the consolidated statements of operations during the years ended December 31, 2021 and 2020 was $0.2 million and $2.4 million, respectively.

The related party balances resulting from the sales to the respective stockholder(s) are as follows: (in thousands):

	December 31,		January 1,
	2021	**2020**	**2020**
Trade receivables	$ 12	$ 10	$ 297
Contract asset	-	44	10
Deferred revenue	-	5	288
Total related party balances	**$ 12**	**$ 59**	**$ 595**

Key management personnel compensation

WideOrbit defines key management personnel as being the Board of Directors and executive officers. The remuneration of key management personnel during the years were as follows (in thousands):

	December 31,	
	2021	2020
Salary, bonus and vacation	$ 2,593	$ 2,233
Share based payments	248	(40)
D&O Insurance	121	91
Other short-term benefits	53	52
401K Contribution Match	35	35
Total key management personnel compensation	**$ 3,050**	**$ 2,371**

There were no post-employment benefits, long-term benefits and termination benefits attributed to key management personnel in the fiscal years 2020 and 2021.

24) Contingent liabilities

WideOrbit is contingently liable to pay certain current executives severance benefits in the event of their termination related to a change in control. The maximum contingent liability under these arrangements is $1.4 million as of December 31, 2021.

25) Capital Management

WideOrbit's capital management is based on a high equity ratio, modest financial leverage, a well-balanced maturity profile, and deep debt capacity. WideOrbit's objective when managing capital is to ensure its ability to continue as a going concern, to provide an adequate return to shareholders, and maintain an optimal capital structure to reduce the cost of capital. WideOrbit monitors capital on the basis of the carrying amount of equity plus its secured loan, less cash and cash equivalents as presented in the consolidated statement of financial position. WideOrbit's goal in capital management is to maintain a fixed charge coverage ratio of no less than 1.05:1 and a total net leverage ratio of no more than 5.75:1 for the trailing four fiscal quarters. This is in line with WideOrbit's covenants included in the terms of the secured loan (see note 18). WideOrbit manages the capital structure and makes adjustment to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, WideOrbit may adjust the return to shareholders, return capital to shareholders, issue new shares, or reduce debt.

The fixed charge coverage ratios of WideOrbit for the years ended December 31, 2021 and 2020 are as follows (in thousands):

	December 31,	
	2021	**2020**
EBITDA	$ 49,577	$ 38,832
CAPEX	1,077	410
Net	**$ 48,500**	**$ 38,422**
Cash interest expense	20,919	19,389
Scheduled principal payments	1,900	1,900
Cash taxes	1,486	1,711
Total	**$ 24,305**	**$ 23,000**
Fixed charge coverage ratio	**2.00**	**1.67**

Cash interest expense is defined as WideOrbit's accrual basis interest expense. Cash taxes are all payments for taxes in the period, including income taxes as well as gross receipts and payroll taxes. The fixed charge coverage ratio increased from 1.67 to 2.00 as a result of an increase in EBITDA of $10.7 million. The net leverage coverage ratios for the years ended December 31, 2021 and 2020 are as follows (in thousands):

	December 31,	
	2021	**2020**
Debt	$ 158,740	$ 189,050
Cash (not to exceed $5 million)	5,000	5,000
Net debt	**$ 153,740**	**$ 184,050**
EBITDA	$ 49,577	$ 38,832
Net leverage ratio	**3.10**	**4.74**

The net leverage ratio decreased from 4.74 to 3.10 as a result of an increase in EBITDA by $10.7 million and a reduction in debt by $30.3 million, most of which was the result of the October 2021 sale of the Streaming reporting unit. WideOrbit has complied with the required covenants for the years ended December 31, 2021 and 2020.

26) Liquidation of WideOrbit Ltd.

In 2021 WideOrbit began winding up the operations of its UK-based subsidiary WideOrbit Ltd. The subsidiary entered formal voluntary liquidation on July 7, 2021. On September 9, 2021, WideOrbit Ltd.

initiated a distribution of 225,000 GBP ($0.3 million USD) to WideOrbit LLC as a part of the liquidation. The net assets were derecognized in the WideOrbit Ltd. (UK) entity at their carrying amounts. The distribution to the WideOrbit LLC entity was recorded at the historical carrying amount and, any differences between net assets transferred and historical carrying amounts were recognized in equity (retained earnings). As of the date of the distribution and the date of these financial statements, WideOrbit LLC maintains 100% ownership of WideOrbit Ltd. and is awaiting final approval from UK regulatory authorities to complete the dissolution of the subsidiary.

27) Financial Risk Management

WideOrbit is exposed to various risks related to financial instruments. The primary objective of WideOrbit's risk management processes is to identify the risks, follow sound procedures to manage and mitigate the risks and to ensure adequate capital is available in relation to the risks. The main types of risks are:

Risk	**Exposure arising from**	**Measurement**	**Management**
Market risk - foreign exchange risk	Future commercial transactions	Cash flow forecasting Sensitivity analysis	Currently, there is no significant business carried or denominated in foreign currency. WideOrbit will continue to monitor the foreign currency transactions for materialization of forex risk
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	WideOrbit has long term borrowings at variable rates. WideOrbit is monitoring interest rate movements for these repricing events.
Credit risk	Cash and cash equivalents, trade receivables, and contract assets	Aging analysis Credit ratings	WideOrbit considers diversification of bank deposits, customer credit limits, letters of credit, etc.
Liquidity risk	Borrowing and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facility such as revolvers, etc..

WideOrbit's risk management is coordinated at its headquarters and focuses on actively securing its short to medium-term cash flows by minimizing the exposure to volatile financial markets.

WideOrbit does not actively engage in the trading of financial assets for speculative purposes, nor does it routinely write options. The most significant risks which WideOrbit is exposed to are described below.

Market risk analysis

(i) Foreign Currency Sensitivity

WideOrbit has limited exposure to risk from foreign exchange rates as most sales and purchases are denominated in US Dollars (USD). Exposures to currency exchange rates arise from overseas sales and purchases, which are primarily in the functional currency of the subsidiary but include others as needed including US dollars (USD), Canadian dollars (CAD), Pounds sterling (GBP), euro (EUR), and Australian dollars (AUD).

To mitigate WideOrbit's exposure to foreign currency risk, the non-USD cash flows are monitored but have historically not represented a significant component of cash flows. WideOrbit performs a sensitivity analysis periodically to assess the exposure to currency exchange rates in order to determine if a more proactive response is necessary to mitigate the risk.

Foreign currency denominated financial assets and liabilities which expose WideOrbit to currency risk are disclosed below. The amounts shown are those reported to key management translated into USD at the closing rate:

	Year ended December 31, 2021			
	AUD	**CAD**	**EUR**	**GBP**
Financial assets				
Cash and cash equivalents	$ 66	$ 136	$ 444	$ 260
Trade receivables	-	-	132	-
Contract assets	-	-	-	-
Financial liabilities				
Trade and other payables	-	-	(1)	-
Accrued liabilities	-	-	(388)	(11)
Total exposure	**$ 66**	**$ 136**	**$ 187**	**$ 249**

	Year ended December 31, 2020			
	AUD	**CAD**	**EUR**	**GBP**
Financial assets				
Cash and cash equivalents	$ 93	$ 88	$ 115	$ 361
Trade receivables	-	-	620	-
Contract assets	-	-	2	-
Financial liabilities				
Trade and other payables	-	-	13	(2)
Accrued liabilities	-	-	(376)	(36)
Total exposure	**$ 93**	**$ 88**	**$ 374**	**$ 323**

(ii) Interest Rate Sensitivity

Exposure
WideOrbit is exposed to interest rate risk from its senior term loan. The minimum interest rate for the loan is 9.75% and the rate is subject to increases in the base rate of the loan.

Sensitivity
In order to assess the sensitivity of possible fluctuations in the base rate, WideOrbit analyzed the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% for 2021 and 2020. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit for the year		**Equity**	
Year	+ 1%	- 1%	+ 1%	- 1%
December 31 2021	$ 2,016	$ (2,016)	$ 79,414	$ 75,382
December 31, 2020	$ 928	$ (928)	$ 122,961	$ 121,105

Credit risk analysis
Credit risk is the risk that a counterparty fails to discharge an obligation to WideOrbit. WideOrbit is exposed to credit risk from financial assets including cash and cash equivalents held at banks, trade receivables and contract assets.

(i) Risk management
Credit risk is managed on a group basis.
WideOrbit makes an effort to deal only with credit-worthy counterparties. WideOrbit's customers are predominantly listed entities and/or have credit performance information available through credit reporting agencies. If customers are independently rated, these ratings may be obtained and used by management.

For customers where no independent rating is available, WideOrbit assesses the credit quality of the customer, taking into account its financial position, references, past experience and other factors such as bankruptcy of the customer, disputes in billing, aging of the receivables, and customer unresponsiveness. The credit terms range between 30 - 60 days from the invoice date, with some slight variation by region or customer. WideOrbit requires approval by its Chief Financial Officer for any credit terms in excess of 30 days prior to offering the extended terms to the customer not to exceed one year. The ongoing credit risk is managed through regular review of the aging analysis, together with the factors mentioned above.

There is no significant concentration of credit risk, whether through exposure to individual customers or specific geographic regions.

(ii) Security
Trade receivables consist of a large number of customers in various geographical regions, predominantly in the United States. WideOrbit does not hold any security on any trade receivable balances at each annual reporting period. In addition, WideOrbit does not hold any collateral relating to other financial assets (e.g., derivative assets, cash and cash equivalents held with banks) at each annual reporting date.

(iii) Impairment of financial assets
WideOrbit has two types of financial assets that are subject to the expected credit loss model:

- trade receivables for sales of inventory and provision of professional and subscription services

- contract assets relating to unbilled revenue which are amounts in contracts in which performance has been satisfied but not yet billed.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables and contract assets:

WideOrbit applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime loss allowance for all trade receivables and contract assets as these items do not have a significant financing component.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work and have substantially the same risk characteristics as the trade receivables for the same types of contracts. WideOrbit has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before December 31, 2021 or January 1, 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information for macroeconomic factors affecting the ability of the customers to settle the receivables. WideOrbit has identified the US Gross Domestic Product and the US gross value added to non-financial corporations to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as of 31 December 2021 and 31 December 2020 was determined as $1.3 million and $1.1 million.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery may include, amongst others, the failure of a debtor to engage in a repayment plan with WideOrbit, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Liquidity Risk Analysis

Liquidity risk is the risk that WideOrbit will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. WideOrbit's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

Management monitors rolling forecasts of WideOrbit's liquidity reserve (comprising the untapped amounts from its line of credit) and cash and cash equivalents on the basis of expected cash flows. This is performed at the group level.

(i) Maturities of financial liabilities

As of December 31, 2021 and 2020, WideOrbit's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarized below (in thousands):

	December 31, 2021					
	2022	**2023**	**2024**	**2025**	**Thereafter**	**Carrying amounts**
Trade payables and accrued expenses	$ 16,453	$ -	$ -	$ -	$ -	$ 16,453
Borrowings	1,900	1,900	1,900	153,040	-	158,740
Lease liabilities	3,782	3,565	3,535	1,042	97	12,021
Total	**$ 22,135**	**$ 5,465**	**$ 5,435**	**$ 154,082**	**$ 97**	**$ 187,214**

	December 31, 2020					
	2021	**2022**	**2023**	**2024**	**Thereafter**	**Carrying amounts**
Trade payables and accrued expenses	$ 19,214	$ -	$ -	$ -	$ -	$ 19,214
Borrowings	1,900	1,900	1,900	1,900	181,450	189,050
Lease liabilities	3,612	3,525	3,275	3,285	265	13,962
Total	**$ 24,726**	**$ 5,425**	**$ 5,175**	**$ 5,185**	**$ 181,715**	**$ 222,226**

28) Transition to IFRS

As stated in Note 1, these are WideOrbit's first consolidated financial statements prepared in accordance with IFRS. As the basis of the preparation, WideOrbit not only follows the significant accounting policies stated in Note 2 but also applies IFRS 1.

IFRS 1 establishes the procedures for WideOrbit's first consolidated financial statements prepared in accordance with IFRS. According to IFRS 1, WideOrbit is required to determine the accounting policies under IFRS and retrospectively apply those accounting policies in its opening statement of financial position at the date of transition to IFRS. The accounting policies set out in Note 2 have been consistently applied in preparing the consolidated financial statements as of December 31, 2021 and December 31, 2020 and for the years ended December 31, 2021 and December 31, 2020, and in the preparation of an opening IFRS statement of financial position on January 1, 2020 ("Transition Date").

Pursuant to IFRS 1, WideOrbit has applied IFRS on a retrospective basis, subject to the following relevant mandatory exceptions and voluntary exemptions to retrospective application of IFRS.

WideOrbit has applied the following mandatory exceptions in its first IFRS financial statements:

a) *Estimates*
In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under the previous basis of accounting unless there is objective evidence that those estimates were made in error. WideOrbit's IFRS estimates as of the Transition Date are consistent with its U.S. GAAP estimates as of that date.

b) *Derecognition of financial assets and liabilities*
IFRS 9 has certain requirements to be met to derecognize assets and liabilities in the financial statements. However, IFRS 1 requires first-time adopters of IFRS to comply with this requirement prospectively for transactions that occur after the IFRS transition date. WideOrbit elected to not reassess any of the derecognized non-derivative financial instruments retrospectively.

The main optional exemptions WideOrbit adopted are summarized as follows:

a) *Leases*
IFRS 1 permits first-time adopters to assess whether an arrangement contains a lease at the date of transition, rather than at the inception of the arrangement. WideOrbit has elected this exemption to assess whether an arrangement contains a lease under IFRS guidance at the date Transition Date.

b) *Cumulative translation differences*
According to IAS 21, the adjustment resulting from conversion of the financial statements of foreign subsidiaries for consolidation purposes is recorded under equity, in the "other comprehensive income" account. However, with respect to preparation of the opening statement of financial position, IFRS 1 allows for this item for all foreign operations can to be set to zero on the transition date. WideOrbit has recorded cumulative translation adjustments in historical periods due to operations in multiple jurisdictions around the world and has elected to use this exemption to set cumulative translation differences to zero upon the date of transition.

WideOrbit has not elected to adopt the remaining voluntary exemptions under IFRS 1 or has determined that they do not apply.

In preparing its opening and comparative IFRS statement of financial position, WideOrbit has adjusted amounts reported previously in financial statements prepared in accordance with U.S. GAAP ("previous GAAP"). Explanations of how the transition from previous GAAP to IFRS has affected WideOrbit's equity and its comprehensive income (loss) are set out in the following reconciliations and the notes that accompany them.

1) Reconciliation of the statements of financial position and equity:

		December 31, 2021			December 31, 2020			January 1, 2020		
		U.S. GAAP	Adj.	IFRS	U.S. GAAP	Adj.	IFRS	U.S. GAAP	Adj.	IFRS
ASSETS	**Ref**									
Non-current assets:										
Property, plant and equipment	A	$1,622	$(139)	$1,483	$1,670	$160	$1,830	$2,845	$(144)	$2,701
Right-of-use assets	F	-	8,139	8,139	-	11,703	11,703	-	14,535	14,535
Goodwill	D	7,092	-	7,092	8,845	(1,753)	7,092	8,845	(1,753)	7,092
Intangible assets	A, B	419	1,465	1,884	1,398	1,865	3,263	2,195	1,961	4,156
Deferred tax assets	E	4,508	1,878	6,386	4,804	987	5,791	5,432	2,067	7,499
Contract asset - noncurrent		9,175	-	9,175	2,540	-	2,540	4,393	-	4,393
Other long-term assets		661	-	661	940	-	940	1,211	-	1,211
Total Non-current assets		**$23,477**	**$11,343**	**$34,820**	**$20,197**	**$12,962**	**$33,159**	**$24,921**	**$16,666**	**$41,587**
Current assets:										
Inventories		781	-	781	336	-	336	372	-	372
Prepayments and other current assets	E	4,206	(16)	4,190	6,080	-	6,080	13,109	(8,058)	5,051
Trade receivables		15,386	-	15,386	24,372	-	24,372	31,746	-	31,746
Income tax receivables - current portion	E	-	16	16	9,153	(2,450)	6,703	0	6,008	6,008
Contract asset - current		16,189	-	16,189	15,569	-	15,569	6,938	-	6,938
Cash and cash equivalents		57,674	-	57,674	23,427	-	23,427	17,326	-	17,326
Total current assets		**$94,236**	**-**	**$94,236**	**$78,937**	**$(2,450)**	**$76,487**	**$69,491**	**$(2,050)**	**$67,441**
Total assets		**$117,713**	**$11,343**	**$129,056**	**$99,134**	**$10,512**	**$109,646**	**$94,413**	**$14,615**	**$109,028**

		December 31, 2021			December 31, 2020			January 1, 2020		
	Ref	U.S. GAAP	Adj.	IFRS	U.S. GAAP	Adj.	IFRS	U.S. GAAP	Adj.	IFRS
LIABILITIES AND EQUITY Non-current liabilities:										
Borrowings		154,108	-	154,108	182,653	-	182,653	-	-	-
Lease liabilities	F	-	8,240	8,240	-	10,350	10,350	-	13,308	13,308
Deferred revenue		2,064	-	2,064	2,491	-	2,491	3,498	-	3,498
Warrant liabilities	C	-	4,965	4,965	-	2,520	2,520	-	-	-
Preferred liabilities	C	-	-	-	-	-	-	-	175,010	175,010
Other long-term liabilities	F	5,475	(4,341)	1,134	4,024	-4,024	-	4,026	(3,985)	41
Total non-current liabilities		**$161,647**	**$8,865**	**$170,511**	**$189,168**	**$8,846**	**$198,014**	**$7,524**	**$184,333**	**$191,857**
Current Liabilities:										
Accounts payable		3,815	-	3,815	3,621	-	3,621	3,221	-	3,221
Accrued Expenses	F	18,162	(5,524)	12,638	15,935	(342)	15,593	13,695	(365)	13,330
Deferred revenue		10,340	-	10,340	11,853	-	11,853	21,040	-	21,040
Borrowings - current portion		752	-	752	585	-	585	-	-	-
Lease liabilities - current portion	F	-	3,783	3,783	-	3,612	3,612	-	3,517	3,517
Income tax payable	E	-	6,223	6,223	-	9	9	-	10	10
Total Current liabilities		**$33,069**	**$4,481**	**$37,551**	**$31,994**	**$3,279**	**$35,273**	**$37,956**	**$3,162**	**$41,118**
Total liabilities		**$194,716**	**$13,346**	**$208,062**	**$221,162**	**$12,125**	**$233,287**	**$45,480**	**$187,495**	**$232,975**
Equity										
Share capital and share premium	E	2,407	4,472	6,879	1,418	3,244	4,662	46,070	(29,162)	16,908
Retained earnings		(77,316)	(8,531)	(85,847)	(121,525)	(6,911)	(128,436)	4,919	(145,774)	(140,855)
Cumulative Translation Adjustment		(2,094)	2,056	(38)	(1,923)	2,056	133	(2,056)	2,056	-
Total equity		**$(77,003)**	**$(2,003)**	**$(79,006)**	**$(122,030)**	**$(1,611)**	**$(123,641)**	**$48,933**	**$(172,880)**	**$(123,947)**
Total Equity and Liabilities		**$117,713**	**$11,343**	**$129,056**	**$99,134**	**$10,514**	**$109,646**	**$94,413**	**$14,615**	**$109,028**

2) Reconciliation of equity:

	Ref	December 31, 2021	December 31, 2020	January 1, 2020
Equity (U.S. GAAP)		**$ (77,003)**	**$ (122,029)**	**$ 48,933**
Reassessment of useful lives - Property, plant, and equipment	A	(27)	233	-
Intangible assets reallocation and amortization	B	1,353	1,208	1,064
Goodwill and intangibles reallocation	D	-	(1,170)	(1,000)
Fair valuation of warrant liability	C	(4,965)	(2,520)	-
Fair valuation of preferred shares liability	C	-	-	(175,011)
Leases	F	(240)	(350)	-
Income tax adjustments	E	1,876	987	2,067
Total Adjustments		**$ (2,003)**	**$ (1,612)**	**$ (172,880)**
Equity (IFRS)		**$ (79,006)**	**$ (123,641)**	**$ (123,947)**

3) Reconciliation of profit or loss and other comprehensive loss

		Year ended December 31, 2021			Year Ended December 31, 2020		
Profit or Loss	**Ref**	**U.S . GAAP**	**Adj.**	**IFRS**	**U.S. GAAP**	**Adj.**	**IFRS**
Revenue		$166,595	-	$166,595	$151,652	$-	$151,652
Cost of sales	A, B, F	51,789	$(75)	51,714	50,823	(218)	50,605
Gross Profit (Loss)		**$114,806**	**$75**	**$114,881**	**$100,829**	**$218**	**$101,047**
General and administrative expenses	A, F	21,620	(64)	21,556	21,124	(105)	21,019
Research and development	A, F	36,904	(58)	36,846	34,495	(128)	34,367
Sales and marketing	A, F	10,811	(44)	10,767	11,559	(60)	11,499
Impairment of intangible assets		263	-	263	-	-	-
Impairment of right of use assets	F	2,131	(497)	1,634	-	-	-
Other (income) expenses		1,190	(1,040)	150	118	-	118
Operating profit		**$41,887**	**$1,778**	**$43,665**	**$33,533**	**$511**	**$34,044**
Interest expense		(22,266)	(613)	(22,879)	(9,792)	(654)	(10,446)
Gain (loss) on fair valuation of warrants	C	-	(2,445)	(2,445)	-	(1,494)	(1,494)
Gain (loss) on fair valuation of preferred shares	C	-	-	-	-	(2,857)	(2,857)
Gain (loss) on sale of cash generating unit		39,060	-	39,060	-	-	-
Income before income taxes		**$ 58,681**	**$ (1,280)**	**$ 57,401**	**$ 23,741**	**$ (4,494)**	**$ 19,247**

Income tax benefits / (expenses)	E	14,532	340	14,872	1,594	2,842	4,436
Net income for the year		**$ 44,149**	**$ (1,620)**	**$ 42,529**	**$ 22,147**	**$ (7,336)**	**$ 14,811**

	Year ended December 31, 2021			Year Ended December 31, 2020		
Comprehensive Income	**U.S. GAAP**	**Adj.**	**IFRS**	**U.S. GAAP**	**Adj.**	**IFRS**
Net income for the period	**$ 44,149**	**$ (1,620)**	**$ 42,529**	**$22,147**	**$ (7,336)**	**$ 14,811**
Other comprehensive income:						
Exchange differences on translation of foreign operations	(171)	-	(171)	133	-	133
Total other comprehensive income for the period, net of tax	**$ (171)**	**$-**	**$ (171)**	**$ 133**	**$-**	**$ 133**
Total comprehensive Income for the period	**$ 43,978**	**$ (1,620)**	**$ 42,358**	**$ 22,280**	**$ (7,336)**	**$ 14,944**

4) Significant reconciliation differences in consolidated statement of cash flows

WideOrbit prepared the statement of cash flows using the indirect method under U.S. GAAP, in which the interest received, the interest paid and the income tax paid were disclosed separately. Interest received, interest paid and income tax paid were instead included within the operating activities in the statement of cash flows. However, according to IAS 7 *Statement of Cash Flows*, interest received, interest paid and income tax paid should be disclosed separately based on their nature in the operating activities. Interest paid was $20.7 million and $9.7 million, and income taxes paid were $1.3 million and $1.5 million for fiscal the years ended December 31, 2021 and 2020, respectively.

Except for the above differences, there are no other significant differences between US GAAP and IFRS in the consolidated statement of cash flows.

A) Property, plant and equipment, net

i. Reclassification of software

Under US GAAP, property, plant and equipment typically consist of long-lived tangible assets used to create and distribute an entity's products, which includes software.

Under IFRS, property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, or for administrative purposes and are expected to be used during more than one period. Certain software that is not an integral part of the related hardware are reclassified out from property, plant and equipment under US GAAP and reclassified to intangible assets, net as they do not meet the definition of property, plant and equipment under IFRS.

As of January 1, 2020, approximately $0.14 million of property, plant and equipment, net was reclassified to intangible assets, net.

As of December 31, 2021 and 2020, approximately $0.06 million and $0.04 million of property, plant and equipment, net were reclassified to intangible assets, net, respectively.

ii. *Reassessment of useful lives*

Under IFRS, entities are required to review the residual value, useful life and depreciation method applied to an asset, at a minimum at each statement of financial position date.

WideOrbit reviewed the remaining useful lives of long-lived assets under IFRS, and extended the useful lives for certain property, plant and equipment. The reassessment of the useful lives was applied prospectively.

Due to the re-assessment of the useful lives for property, plant and equipment, depreciation expense decreased by approximately $0.23 million for the year ended December 31, 2020 and resulted in a net increase of expenses of $0.26 million for the year ended December 31, 2021. This includes an increased loss on disposal of $0.27 million for the year ended December 31, 2021.

B) Intangible assets, net

Allocation of loss

Under IFRS, impairment loss is first allocated to the carrying value of the goodwill and then to the other assets within the cash-generating unit. This sequence differs from the US GAAP impairment allocation method. The difference in the allocation of impairment from intangible assets to goodwill resulted in a reclassification of $1.8 million as of January 1, 2020.

C) Financial assets and liabilities

Classification and measurement of warrants and preferred shares

Under US GAAP, WideOrbit issued warrants which were classified as equity and reflected as a discount to debt. The warrants contain a price-based anti-dilution feature and under US GAAP, such down round features do not preclude an issuer from classifying the freestanding financial instrument as equity. IFRS does not provide an exception related to down round features and requires liability classification. WideOrbit also derecognized preferred shares with a derivative feature in July of 2020 via the tender offer in which the warrants were issued. Transition relief to not remeasure derecognized financial liabilities only applies to non-derivative financial instruments and therefore the preferred shares were remeasured retrospectively at their fair value through profit and loss and changed from an equity to a liability classification as of the opening statement of financial position date and subsequently derecognized on July 8, 2020.

Under IFRS, WideOrbit recognized the warrants and preferred shares as a financial liability at fair value through profit or loss. The transition to IFRS for warrants resulted in reclassification of warrant from equity to FVTPL liability at $1.0 million. Warrant liability was carried as FVTPL liability for $2.5 million and $5.0 million as of December 31, 2020 and 2021 respectively. A loss of $1.5 million and $2.5 million was recognized in the statement of profit and loss during the years ended December 31, 2020 and 2021, respectively. The transition to IFRS for preferred shares resulted in reclassification of preferred shares from equity to FVTPL liability at $175.0 million from $31.7 million under US GAAP recognizing an additional $143.3 million loss to the opening statement of financial position through retained earnings. On July 8, 2020 as part of the tender offer WideOrbit derecognized these preferred shares with an ending fair value of $178.4 million. A loss of $2.9 million was recognized on the profit and loss during the year ended December 31, 2020.

D) Goodwill

Allocation of loss

Under IFRS, impairment loss is first allocated to the carrying value of the goodwill and then to the other assets within the cash-generating unit. This sequence differs from the US GAAP impairment allocation method. The difference in the allocation of impairment from Intangible Assets to Goodwill resulted in a reclassification of $1.8 million. The accumulated amortization and related retained earnings impact of the reclassification was $1.0 million and $1.2 million as of December 31, 2020 and 2021. The implications of impairment for these Intangible Assets for the year ended December 31, 2020 and 2021 is considered in reconciliation note B.

E) Tax

i. Uncertain tax positions

Under US GAAP, a liability for unrecognized tax benefits is classified as a current liability only to the extent that cash payments are anticipated within 12 months of the reporting date. Otherwise, such amounts are reflected as noncurrent liabilities.

Under IFRS, a liability for uncertain tax positions is generally classified as a current liability (because entities typically do not have the unconditional right to defer settlement of uncertain tax positions for at least twelve months after the reporting period). Accordingly, the non-current income tax payable related to uncertain tax positions has been reclassed to current income tax payable. This will be included with the adjustment for book differences (below) which may result in a movement in deferred tax balance.

ii. Stock-based compensation and other book differences

The US GAAP model for accounting for income taxes requires companies to record deferred taxes as compensation cost is recognized, as long as the underlying instrument ordinarily would result in a future tax deduction. The measurement of the deferred tax asset is based on the amount of compensation cost recognized for book purposes. Changes in the stock price do not impact the deferred tax asset or result in any adjustments prior to settlement or expiration. Upon settlement or expiration, excess tax benefits and tax deficiencies (the difference between the recorded deferred tax asset and the tax benefit of the actual tax deduction) are recognized within income tax expense. Under IFRS, the measurement of the deferred tax asset in each period is based on an estimate of the future tax deduction, if any, for the award measured at the end of each reporting period (based on the current stock price if the tax deduction is based on the future stock price). When the expected tax benefits from equity awards exceed the recorded cumulative recognized expense multiplied by the tax rate, the tax benefit up to the amount of the tax effect of the cumulative book compensation expense is recorded in the income statement; the excess is recorded in equity. When the expected tax benefit is less than the tax effect of the cumulative amount of recognized expense, the entire tax benefit is recorded in the income statement.

The combination of stock compensation and other book differences described in this Note are considered as part of the cumulative tax movement explained as follows:

As of January 1, 2020, an increase of $2.1 million was recorded to deferred tax assets and $2.5 million to share capital/share premium with a corresponding decrease to retained earnings for $0.4 million. For the period ended December 31, 2020, an increase of $1.0 million was recorded to deferred tax assets, as well as an increase of $4.3 million to share capital/share premium and a decrease of $3.3 million retained earnings out of which $2.8 million represented income tax expense for the year. For the period ended December 31, 2021, an increase of $1.9 million was recorded to deferred tax assets, an increase of $5.5 million to share capital/share premium and a corresponding $3.6 million to retained earnings out of which $0.3 million represented income tax expense for the year.

F) Leases

WideOrbit adopted IFRS 16 as its lease accounting standard as of the Transition Date. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the statement of financial position. Upon initial application of IFRS 16, WideOrbit will elect to apply the guidance in determining whether contracts is, or contains a lease only for contracts entered into (or changed) on or after January 1, 2020 using the modified retrospective approach. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Upon initial application of IFRS 16, contracts containing a lease shall be recognized as right-of-use assets and lease liabilities for all leases on the consolidated statement of financial position except for leases of low-value assets and short-term leases. The accounting policy on leases is disclosed in Note 2(j)

WideOrbit recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the Transition Date of 4.75%.

WideOrbit recognized right-of-use assets $14.5 million, $11.7 million, and $8.1 million as of January 1, 2020, December 31, 2020, and December 31, 2021 respectively. This also, resulted in non-current lease liabilities of $13.3 million, $10.3 million, and $8.2 million and current lease liabilities of $3.5 million, $3.6 million, and $3.7 million as of January 1, 2020, December 31, 2020, and December 31, 2021, respectively. Transition to IFRS 16 resulted in reversal of legacy rental expenses, amortization of tenant allowances or deferred rent, as applicable and recognition of right of use asset amortization and interest expense for the year. This resulted in net decrease in profit for the year for $0.4 million and increase of $0.1 million for the period ended December 31, 2020 and December 31, 2021. The amortization charge has been allocated to various functions using the similar allocation basis for rental expenses. The profit and loss charges for the net lease related movement included the following components.

USD in millions	Year ended December 31,	
	2021	**2020**
Right of Use Asset Amortization	$ 2.88	$ 2.83
Interest Expense	0.61	0.65
Net Rental Expense	(3.11)	(3.14)
Impairment of Right of Use Asset	1.62	-
Reversal of abandonment accrual	(2.12)	-
Net movement to profit or loss	**$ (0.12)**	**$ 0.34**

29) Events after the reporting date (Subsequent Events)

WideOrbit has evaluated subsequent events through the date the consolidated financial statements were available to be issued. As of the financial statement date, WideOrbit continues to evaluate the standards as they relate to the statements of financial position.

In March 2022, WideOrbit began the process of winding up the operations of its France-based subsidiary, WideOrbit France. All of WideOrbit France's customer contracts ended on June 30, 2022 and WideOrbit began terminating the remaining personnel. In November 2022, WideOrbit France completed a formal dissolution without liquidation (also called universal transfer of assets and liabilities or "transmission universelle de patrimoine (TUP)" in French) and commenced formalities to strike the entity from the France commercial register.

WideOrbit received a letter of intent on July 18, 2022 from a potential buyer that has shown interest in purchasing a controlling stake in the business and has since signed the letter. The negotiation is ongoing, and its outcome was uncertain as of that date.

On July 8, 2022, WideOrbit made a partial repayment of $40.0 million on the Term Loan balance, which was characterized as a debt extinguishment. Upon the extinguishment, the Term Loan was derecognized and subsequently remeasured based on the estimated cash flows post-extinguishment. WideOrbit recorded a prepayment premium of $0.8 million which resulted in a change in future payments. In September 2022, the Company paid an additional $5.0 million of the outstanding principal of the term loan and a $0.1 million prepayment cost.

In August 2022, WideOrbit hired one of its board members as a part-time advisor. WideOrbit conducts sales transactions in the ordinary course of business with this board member as described in note 23.

In the fourth quarter of 2022, a public broadcasting company signed a contract for a term WideOrbit Traffic license and related support as well as WideOrbit AFR products along with related installation, training and support. WideOrbit's CFO is a member of the board of this public broadcasting company. WideOrbit is donating $0.04 million of AFR hardware and software to this public broadcasting company, but not the installation, training or support services, nor anything for the Traffic product.

WIDEORBIT INC.

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2022 AND FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND SEPTEMBER 30, 2021

See attached.

WIDEORBIT

Interim Unaudited Condensed Consolidated Financial Statements
As of September 30, 2022, and for the three and nine month periods ended September 30, 2022 and September 30, 2021
All amounts are in USD rounded to the nearest thousand

WIDEORBIT INC.

CONTENTS

WIDEORBIT INC.

INTERIM UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
(In thousands)

		Three Months Ended September 30		Nine Months Ended September 30	
	Notes	**2022**	**2021**	**2022**	**2021**
Revenue	2	$ 41,337	$ 41,020	$ 124,170	$ 116,629
Cost of sales	3	12,445	12,877	37,737	38,027
Gross profit		**28,892**	**28,143**	**86,433**	**78,602**
General and administrative expenses	3	7,501	4,720	17,928	15,697
Research and development	3	9,282	9,448	30,355	27,258
Sales and marketing	3	2,540	2,657	8,629	7,518
Other expense (income), net		(105)	26	(63)	(100)
Profit from operations		**9,674**	**11,292**	**29,584**	**28,229**
Finance costs, net	4	(5,265)	(5,232)	(13,888)	(15,572)
Gain (loss) on fair valuation of warrants		(353)	(810)	(2,226)	(1,416)
Profit before tax		**4,056**	**5,250**	**13,470**	**11,241**
Income tax expense	10	1,166	1,275	3,539	2,474
Profit for the period		**$ 2,890**	**$ 3,975**	**$ 9,931**	**$ 8,767**

WIDEORBIT INC.

INTERIM UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)

	Three Months Ended September 30		Nine Months Ended September 30	
	2022	**2021**	**2022**	**2021**
Profit for the period	**$ 2,890**	**$ 3,975**	**$ 9,931**	**$ 8,767**
Other comprehensive income:				
Item that is or may be reclassified to profit or loss:				
Exchange gain (loss) on translation of foreign operations net of tax	17	(96)	(83)	(146)
Total comprehensive income for the period	**$ 2,907**	**$3,879**	**$ 9,848**	**$ 8,621**

WIDEORBIT INC.

INTERIM UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (In thousands)

	Notes	As of September 30, 2022	As of December 31, 2021
ASSETS			
Non-current assets:			
Property, plant and equipment		$ 980	$ 1,483
Right-of-use assets		6,756	8,139
Goodwill		7,092	7,092
Intangible assets		1,477	1,884
Deferred tax assets		10,999	6,386
Contract asset - noncurrent		7,606	9,175
Other long-term assets		375	661
Total non-current assets		**$ 35,285**	**$ 34,820**
Current assets			
Inventories		689	781
Prepayments and other current assets		4,763	4,190
Trade receivables	6	12,189	15,386
Income tax receivables - current		3,953	16
Contract asset - current		16,073	16,189
Cash and cash equivalents		16,100	57,674
Total current assets		**$ 53,767**	**$ 94,236**
Total assets		**$ 89,052**	**$ 129,056**
LIABILITIES AND EQUITY			
Non-current liabilities			
Borrowings		108,926	154,108
Lease liabilities		6,310	8,240
Deferred revenue – non-current		1,087	2,064
Warrant liabilities	9	7,192	4,965
Other long-term liabilities		127	1,134
Total non-current liabilities		**$ 123,642**	**$ 170,511**
Current liabilities			
Accounts payable	7	2,668	3,815
Accrued expenses	7	16,858	12,638
Deferred revenue		9,391	10,340
Borrowings - current portion		952	752
Lease liabilities - current portion		3,673	3,783
Income tax payable - current portion		808	6,223
Total current liabilities		**$ 34,350**	**$ 37,551**
Total liabilities		**$ 157,992**	**$ 208,062**
EQUITY			
Share capital and share premium		7,097	6,879
Retained earnings		(75,916)	(85,847)
Other comprehensive income reserve - Cumulative Translation Adjustment		(121)	(38)
Total equity		**$ (68,940)**	**$ (79,006)**
Total liabilities and equity		**$ 89,052**	**$ 129,056**

WIDEORBIT INC.

INTERIM UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In thousands)

	Share capital and premium	Accumulated other comprehensive income (loss)	Retained earnings	Total
Balance as of December 31, 2020	**$ 4,662**	**$ 133**	**$ (128,436)**	**$ (123,641)**
Profit for the period	-	-	8,767	8,767
Other comprehensive income		(146)	-	(146)
Total comprehensive income for the period	**$** -	**$ (146)**	**$ 8,767**	**$ 8,621**
Transactions with owners in their capacity as owners:				
Issuance of common stock upon exercise of stock options	656	-	-	656
Stock-based compensation	196	-	-	196
Distribution from WideOrbit Ltd. Subsidiary	-	-	59	59
Balance as of September 30, 2021	**$ 5,513**	**$ (13)**	**$ (119,609)**	**$ (114,109)**
Balance as of December 31, 2021	**$ 6,879**	**$ (38)**	**(85,847)**	**$ (79,006)**
Profit for the period	-	-	9,931	9,931
Other comprehensive income (loss)	-	(83)	-	(83)
Total comprehensive income for the period	**-**	**(83)**	**9,931**	**9,848**
Transactions with owners in their capacity as owners:				
Issuance of common stock upon exercise of stock options	197	-	-	197
Stock-based compensation	21	-	-	21
Balance as of September 30, 2022	**$ 7,097**	**$ (121)**	**$ (75,916)**	**$ (68,940)**

WIDEORBIT INC.

INTERIM UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Nine Months Ended September 30,	
	2022	**2021**
Operating Activities		
Profit before tax	$ 13,470	$ 11,241
Adjustments to reconcile profit after tax to net cash flow from operating activities:		
Interest expense	13,888	15,572
Reserve for (recovery of) accounts receivable	81	256
Stock compensation expense	21	196
Depreciation and amortization	2,912	3,535
Amortization of debt issuance costs	1,607	1,049
Loss on fair valuation of warrants	2,227	1,416
Changes in operating assets and liabilities		
Accounts receivable	3,099	(257)
Unbilled accounts receivable	1,685	17
Inventories	92	(115)
Prepaid expenses and other assets	2,092	3,952
Accounts payable and accrued liabilities	(1,823)	(5,169)
Deferred revenue	(1,923)	(626)
Interest paid	(12,317)	(14,410)
Income tax paid	(17,576)	(857)
Net cash generated from operating activities	**$ 7,535**	**$ 15,800**
Investing Activities		
Acquisition of property and equipment	(395)	(970)
Net cash provided by (used in) investing activities	**$ (395)**	**$ (970)**
Financing Activities		
Proceeds from exercise of stock options	197	656
Principal payments on leases	(2,424)	(2,177)
Repayments of borrowings on term loan	(46,290)	(1,425)
Net cash used in financing activities	**$ (48,517)**	**$ (2,946)**
Effects of foreign exchange on cash and cash equivalents	(197)	(60)
Cash provided (used) during the period	(41,574)	11,824
Cash and cash equivalents at the beginning of the period	57,674	23,427
Cash and cash equivalents at the end of the period	**$ 16,100**	**$ 35,251**

Corporate Information

WideOrbit Inc. ("WideOrbit") is a leading provider of advertising management technology for cable networks, local television stations and radio stations. WideOrbit's vision is to make it easier to buy and sell advertising. Broadcasters and networks leverage WideOrbit solutions to streamline operations, maximize revenue from traditional, digital and programmatic channels, and extend their business across distribution platforms. WideOrbit was incorporated in the State of Delaware in July 1999 and is headquartered in San Francisco, California with offices across the United States.

1) Basis of Presentation and Summary of Significant Accounting Policies

a) *Statement of Compliance*

The preparation these financial statements have been in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). Interim unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements prepared in IFRS as issued by the International Accounting Standards Board and should be read in conjunction with WideOrbit's annual consolidated financial statements for the years ended December 31, 2021 and 2020. All intercompany balances and transactions have been eliminated.

The interim unaudited condensed consolidated financial statements were authorized for issue by the Board of Directors on December 11, 2022.

b) *Significant Accounting Judgements, Estimates and Assumptions*

It also requires management to exercise judgment in applying WideOrbit's accounting policies. In the opinion of management, all adjustments, consisting solely of normal recurring adjustments necessary for a fair presentation of financial information for the periods indicated, have been included. The results for the three and nine month periods ended September 30, 2022, are not necessarily indicative of the results that may be expected for the year ending December 31, 2022. WideOrbit's interim unaudited condensed consolidated financial statements have been prepared on an accrual basis of accounting under the historical cost convention except for certain financial assets and liabilities that are measured at fair value.

c) *Basis of Consolidation*

The interim unaudited condensed financial statements are consolidated between WideOrbit and all subsidiaries for the periods shown. Intercompany balances are eliminated as appropriate upon consolidation. All subsidiaries follow the same accounting policies as the parent Company to ensure consistent reporting. All subsidiaries are wholly owned, and WideOrbit has no non-controlling interest to consider for consolidation purposes. The consolidated financial statements are expressed in United States Dollars (USD) and are rounded to the nearest thousands.

d) ***Significant Accounting Policies***

In May 2020, the IASB issued amendments to IFRS 9 *Financial Instruments* – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities. The amendment is to clarify treatment of any fees a company may include when adding or modifying a financial liability. As of January 1, 2022 WideOrbit adopted this standard which has not had any impact on our financial results. Otherwise, the accounting policies (including accounting judgements, estimates and assumptions) adopted in the preparation of the interim unaudited condensed consolidated financial statements as of and for the period ended September 30, 2022 are consistent with those followed in the preparation of WideOrbit's annual audited consolidated financial statements as of and for the year ended December 31, 2021.

The interim unaudited condensed consolidated financial statements are presented in USD which is also the functional currency of WideOrbit. Gains and losses resulting from the translation of the subsidiary statements of financial position are recorded as a component of accumulated other comprehensive income or loss. The functional currency for all entities has remained unchanged throughout the reporting periods shown on these interim unaudited condensed consolidated financial statements.

2) Revenue

WideOrbit derives revenue from advertising management software products and related services, and advertising and content delivery services. WideOrbit accounts for revenue according to International Financial Reporting Standards (IFRS) 15, *Revenue from Contracts with Customers*.

The following table presents WideOrbit's revenue disaggregated based on revenue source for the three and nine month periods ended September 30, 2022 and 2021. WideOrbit believes these categories best depict how the nature and uncertainty of revenue cash flows are affected by economic factors:

	Three Months Ended September 30		Nine Months Ended September 30	
	2022	**2021**	**2022**	**2021**
Term License & Support	$ 37,778	$ 36,969	$ 110,711	$ 105,099
Professional Services	860	1,274	2,961	4,616
Data & Royalties	1,135	958	3,449	2,938
Advertising and Content Delivery Services	645	819	3,276	1,840
Hardware	645	535	2,143	1,156
Software License Sales	274	465	1,630	980
Total Revenue	**$ 41,337**	**$ 41,020**	**$ 124,170**	**$ 116,629**

3) Expenses

Expenses for the three and nine months ended September 30, 2022 and 2021 consists of the following (in thousands):

	Three Months Ended 30-Sep		Nine Months Ended 30-Sep	
	2022	2021	2022	2021
Compensation	$ 18,052	$ 18,597	$ 58,090	$ 57,023
Hosting expenses	2,262	2,283	6,581	6,453
Outsourced development	2,554	2,263	7,463	6,202
Third party costs	2,176	2,307	6,141	5,327
Rent and utilities	33	160	301	489
Legal, accounting and professional services	3,123	943	5,174	3,136
Hardware and software	968	598	2,668	2,079
Data fee costs	523	607	1,824	1,522
Depreciation and amortization	899	1,117	2,912	3,535
Telecommunication expenses	264	302	809	910
Travel and marketing	427	260	1,554	541
Other operating expenses	382	291	1,069	1,183
Total	**$ 31,663**	**$ 29,728**	**$ 94,586**	**$ 88,400**

4) Finance costs, net

Finance costs (income) for the three and nine months ended September 30, 2022 and 2021 consist of the following (in thousands):

	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Interest expense for borrowings	$4,165	$4,687	$11,935	$13,943
Interest expense for leasing arrangements	122	153	382	467
Amortization of debt issuance costs	1,028	353	1,608	1,050
Financing expense	41	40	122	115
Interest income	(91)	(1)	(159)	(3)
Finance costs, net total	**$5,265**	**$5,232**	**$13,888**	**$15,572**

In July 2022, WideOrbit paid an additional $40.0 million of the outstanding principal of the term loan and a $0.8 million prepayment cost. In September 2022, WideOrbit paid an additional $5.0 million of the outstanding principal of the term loan and a $0.1 million prepayment cost. As of September 30, 2022, WideOrbit had $112.5 million in outstanding principal on the term loan, compared to $158.7 million outstanding on December 31, 2021. WideOrbit had no outstanding amount on the available $15.0 million revolving line of credit at either date.

5) Leases

WideOrbit leases offices under non-cancellable leases expiring between 2022 - 2028. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows (in thousands):

	September 30, 2022	December 31, 2021
Within one year	$ 3,667	$ 3,734
Between two and five years	7,065	9,217
Thereafter	49	-
Total	**$ 10,781**	**$ 12,951**

6) Trade receivables

Trade receivables consist of the following (in thousands):

	September 30, 2022	December 31, 2021
Trade receivables	$ 13,015	$ 14,971
Provision for impairment	(1,605)	(1,343)
Other Receivables	779	1,758
	$ 12,189	
Total		**$ 15,386**

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value. Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. The receivables are generally due for settlement within 30 days and are therefore all classified as current.

7) Accounts payable and accrued expenses

The amounts in the table below represent liabilities for goods and services provided to WideOrbit prior to the end of quarter and year ended September 30, 2022 and December 31, 2021, respectively, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. The carrying amounts are considered to be the same as their fair values, due to their short-term nature.

	September 30, 2022	December 31, 2021
Accounts payable	$ 2,668	$ 3,815
Accrued expenses	16,858	12,638
Total	**$ 19,526**	**$ 16,453**

As of September 30, 2022, WideOrbit recorded $1.6M in accrued professional fees, $0.4 million for the WideOrbit France subsidiary's severance and liquidation costs, and $1.8 million of annual bonus which pays out at the end of the year.

8) Fair Value of Financial Instruments

WideOrbit applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. These inputs are valued using market-based approaches.

Level 3 – Inputs are unobservable inputs based on WideOrbit's assumptions. These inputs, if any, are valued using internal financial models.

WideOrbit's cash equivalents are classified as Level 1. The term loan is a financial liability carried at amortized cost, which approximates its fair value based on borrowing rates currently available to WideOrbit for loans with similar terms. WideOrbit's policy is to recognize asset or liability transfers among Level 1, Level 2, and Level 3 as of the actual date of the event or change in circumstances that caused the transfer. During the nine months ended September 30, 2022 and year ended December 31, 2021, WideOrbit had no transfers between levels of the fair value hierarchy of its assets or liabilities measured.

The carrying amounts of WideOrbit's financial instruments including cash and cash equivalents, trade receivables, contract asset - current, contract asset - non-current, accounts payable, and accrued expenses approximate fair values due to their short-term maturities.

Warrants are classified as a fair value through profit or loss financial liability. The initial and subsequent recognition of the warrants was determined using a Black-Scholes option pricing model, which is considered a Level 3 fair value measurement.

Fair Values of Financial Instruments by Instrument Classification (in thousands):

September 30, 2022

Financial assets	**FVTPL**	**Amortized Cost**	**Carrying Amount**
Cash and cash equivalents	$-	$ 16,100	$ 16,100
Trade receivables, net	-	12,189	12,189
Contract assets, current	-	16,073	16,073
Contract assets, non-current	-	7,606	7,606
Total Financial Assets	**$-**	**$ 51,968**	**$ 51,968**

Financial liabilities	**FVTPL**	**Amortized Cost**	**Carrying Amount**
Accounts payable	$-	$ 2,668	$ 2,668
Accrued expenses	-	16,858	16,858
Warrant liabilities	7,192	-	7,192
Current portion of debt	-	952	952
Long term portion of debt	-	108,926	108,926
Total Financial Liabilities	**$ 7,192**	**$ 129,404**	**$ 136,596**

December 31, 2021

Financial assets	**FVTPL**	**Amortized Cost**	**Carrying Amount**
Cash and cash equivalents	$ -	$ 57,674	$ 57,674
Trade receivables, net	-	15,386	15,386
Contract assets	-	16,189	16,189
Contract assets, non-current	-	9,175	9,175
Total Financial Assets	**$-**	**$ 98,424**	**$ 98,424**

Financial liabilities	**FVTPL**	**Amortized Cost**	**Carrying Amount**
Accounts payable	$ -	$ 3,815	3,815
Accrued expenses	-	12,638	12,638
Warrant liabilities	4,965		4,965
Long term portion of debt	-	154,108	154,108
Total Financial Liabilities	**$ 4,965**	**$ 170,561**	**$ 175,526**

9) Warrants

WideOrbit used a Black-Scholes option pricing model to determine the fair value of the warrants. The volatility was determined based on the historical volatilities of comparable publicly traded companies over a period equal to the expected average of the warrant's life. The risk-free rate of interest was interpolated from the U.S. Constant Maturity Treasury rate curve to reflect the remaining expected life of warrants. The fair value of the ordinary shares underlying the warrants has historically been determined by WideOrbit's Board of Directors because there is no public market for the ordinary shares underlying the warrants, the Board of Directors determined the fair value of the ordinary shares underlying the warrant at the initial recognition and subsequent recognitions by contemporaneous valuations performed by unrelated third-party valuation firms as well as a number of objective and subjective factors including valuation of comparable companies, operating and financial performance, the lack of liquidity of capital stock and general industry specific economic outlook, among other factors.

The assumptions used to value WideOrbit's warrants during the nine months ended September 30, 2022 and year ended December 31, 2021 were as follows:

	For the period ended September 30, 2022	**For the year ended December 31, 2021**
Discount for cap on returns	22%	22%
Holding period (years)	3	3
Volatility (annualized %)	50%	50%
Dividend Yield	0%	0%
Risk-Free Interest Rate	4.25%	0.97%

10) Income Taxes

Income tax expense is recognized based on management's estimate of the average effective income tax rate expected for the full financial year. The tax rate for the nine months ended 30 September 2022 is 22.59%, compared to 22.18% for the nine months ended 30 September 2021. The tax rate was slightly higher in 2022 primarily due to a decrease in excess tax benefits related to stock-based compensation.

11) Events after the reporting date (Subsequent Events)

WideOrbit has evaluated subsequent events through the date the interim unaudited condensed consolidated financial statements were available to be issued.

WideOrbit received a letter of intent on July 18, 2022 from a potential buyer that has shown interest in purchasing a controlling stake in the business and has since signed the letter. The negotiation is ongoing, and its outcome was uncertain as of the reporting date.

In the fourth quarter of 2022, a public broadcasting company signed a contract for a term WideOrbit Traffic license and related support as well as WideOrbit AFR products along with related installation, training and support. WideOrbit's CFO is a member of the board of this public broadcasting company. WideOrbit is donating $0.04 million of AFR hardware and software to this public broadcasting company, but not the installation, training or support services, nor anything for the Traffic product.

In November 2022, WideOrbit France completed a formal dissolution without liquidation (also called universal transfer of assets and liabilities or “transmission universelle de patrimoine (TUP)” in French) and commenced formalities to strike the entity from the France commercial register.

WIDEORBIT INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2021 AND DECEMBER 31, 2020

See attached.

WideOrbit Inc.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the Audited Consolidated Financial statements for the years ended December 31, 2021 and 2020, including the notes to those statements, included elsewhere in this report. The information presented in this MD&A is based on the historical financial performance of WideOrbit Inc. Unless otherwise indicated, all amounts within the tables are expressed in thousands of United States Dollars ("USD"). All references to "$" are to USD.

Certain information included herein is forward looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "Forward Looking Statements" and "Risks and Uncertainties".

References in this filing to "WideOrbit," "WO," "we," "our," and "us" refer to WideOrbit Inc. and our wholly owned and consolidated subsidiaries.

Forward Looking Statements

Certain statements in this report may contain "forward looking" statements that involve risks, uncertainties and other factors that may cause the actual results, performance or achievements of WideOrbit or industry to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Words such as "may", "will", "expect", "believe", "plan", "intend", "should", "anticipate" and other similar terminology are intended to identify forward looking statements. These statements reflect current assumptions and expectations regarding future events and operating performance as of the date of this MD&A, December 11, 2022. Forward looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to vary significantly from the results discussed in the forward looking statements, including, but not limited to, the factors discussed under "Risks and Uncertainties". Although the forward looking statements contained in this MD&A are based upon what management of WideOrbit believes are reasonable assumptions, we cannot assure investors that actual results will be consistent with these forward looking statements. These forward looking statements are made as of the date of this MD&A and WideOrbit assumes no obligation, except as required by law, to update any forward looking statements to reflect new events or circumstances.

Business Overview

WideOrbit provides enterprise software solutions that manage a variety of business advertising operations, including sales, traffic, and digital media operations, radio automation, and promotion optimization. Founded in 1999, WideOrbit is privately held and is headquartered in San Francisco, with offices in Birmingham, Dallas, Denver, Seattle, and New York. WideOrbit has approximately 460 employees.

Our revenue consists primarily of software subscription revenue from multi-year software contracts. These non-cancellable software contracts can include software licenses, "software-as-a-service" or SaaS, post-delivery software maintenance and customer support, and software updates "when and if available" which are recognized ratably over the non-cancellable contract term. Additionally, our revenue contains professional services contracts which can include implementation and integrations, training and custom development services which are recognized as performed and, if applicable, upon customer acceptance. Software sales and sales of third-party hardware are recognized when delivered. Advertising services and content delivery services revenues are recognized as services are delivered.

Our expenses consist primarily of employee costs, third party and internal hosting costs, third party license fees, outsourced development costs, debt service and general operating expenses.

Overall Performance

Key financial statement items for WideOrbit for the fiscal years ended December 31, 2021 and 2020 are summarized below:

	As of and for the Year Ended December 31,		Change	
	2021	2020	$	%
Revenue	$ 166,595	$ 151,652	14,943	9.9%
Profit for the year	42,529	14,811	27,718	187.1%
Non-current assets	34,820	33,159	1,661	5.0%
Current assets	94,236	76,487	17,749	23.2%
Total assets	129,056	109,646	19,410	17.7%
Non-current liabilities	170,511	198,014	(27,503)	-13.9%
Current liabilities	37,551	35,273	2,278	6.5%
Total liabilities	208,062	233,287	(25,225)	-10.8%
Cash flow provided by operating activities	29,818	20,855	8,963	43.0%
Cash flow provided by (used in) investing activities	39,030	(410)	39,440	9619.5%
Cash flow used in financing activities	(34,497)	(14,407)	(20,090)	-139.4%
Cash and cash equivalents	57,674	23,427	34,247	146.2%

WideOrbit's revenue increased by $14.9 million with 9.9% organic revenue growth. One multi-year $12.9 million term contract for WideOrbit Automation for Radio product closed in December 2021 and accounted for $7.7 million of that revenue growth.

Profit for the period increased by $27.7 million, or 187.1%. The increase from 2020 to 2021 is largely due to the sale of our Streaming business unit to Audacy, Inc. for a net gain of $28.7 million (the "Streaming Divestiture"), which was comprised of a $39.1 million gain on the sale less a $10.4 million accrued income tax expense on the gain. The $12.9 million software contract renewal in the fourth quarter of 2021 also contributed $7.7 million to the Profit for the period.

Financing costs increased for the year as term loan interest expense totaling $12.4 million was paid for the full 2021 year versus six months of expense in 2020.

Total assets increased by $19.4 million, or 17.4%. Current assets increased mainly due to a $34.2 million increase in cash and cash equivalents from the Streaming Divestiture. Non-current assets increased primarily due to a $7.3 million increase in unbilled accounts receivable related to the December 2021 software renewal contract. These increases were offset primarily by a $9.0 million decrease in accounts receivable from improved collections, a $3.6 million decrease in right of use assets due to ongoing amortization and an $8.6 million decrease in prepaid expenses and other current assets driven by a $6.7 million decrease in federal and state tax receivables and a $1.4 million decrease in deferred costs.

Total liabilities decreased by $25.2 million, or 10.8%. Non-current liabilities decreased mainly due to debt repayment of $32.3 million. Current liabilities increased primarily due to an increase in income taxes payable of $6.2 million.

WideOrbit's cash and cash equivalents increased by $34.2 million. Cash flow from operations for the year was $29.8 million. WideOrbit generated investing gains of $39.0 million, primarily driven by the

Streaming Divestiture. Cash payments related to long term debt and other financing activities were $34.5 million.

Discussion of Operations

WideOrbit's results of operations for the years ended December 31, 2021 and 2020 are summarized below. WideOrbit reports expenses by function in its statement of profit or loss. For a more detailed breakdown of expenses, please see " Expenses" below.

	Year Ended December 31,		Change	
	2021	2020	$	%
Revenue	$ 166,595	$ 151,652	14,943	9.9%
Cost of sales	51,714	50,605	1,109	2.2%
Gross profit	114,881	101,047	13,834	13.7%
General and administrative	21,556	21,019	537	2.6%
Research and development	36,846	34,367	2,479	7.2%
Sales and marketing	10,767	11,499	(732)	-6.4%
Impairment of right of use assets	1,634	-	1,634	
Impairment of intangible assets	263	-	263	
Other expense (income), net	150	118	32	
Profit from operations	43,665	34,044	9,621	28.3%
Finance costs, net	(22,879)	(10,446)	(12,433)	119.0%
Gain (loss) on fair valuation of warrants	(2,445)	(1,494)	(951)	63.7%
Gain (loss) on fair valuation of preferred shares	-	(2,857)	2,857	-100.0%
Gain on sale of cash generating unit	39,060	-	39,060	
Profit before tax	57,401	19,247	38,154	198.2%
Income tax expense	14,872	4,436	10,436	235.3%
Profit for the year	$ 42,529	$ 14,811	27,718	187.1%

Revenue

Revenue for the years ended December 31, 2021 and 2020 is summarized below:

	For the Year Ended December 31,		Change	
	2021	2020	$	%
Term License & Support Contract Fees	$ 149,195	$ 135,279	13,916	10.3%
Professional Services	7,426	8,809	(1,383)	-15.7%
Billed Expenses, Data & Royalty Fees	4,036	3,632	404	11.1%
Ad Revenues	2,916	1,469	1,447	98.5%
Hardware	1,604	1,185	419	35.4%
Software License Sales	1,418	1,278	140	11.0%
	$ 166,595	$ 151,652	14,943	9.9%

Term License and Support Contract Fees growth was driven by increased contracted software sales. Professional Services, Billed Expenses, Data and Royalty Fees are business activities primarily supporting our term license customers.

Term License and Support Contract Fees include a $12.9 million term contract for the WideOrbit Automation for Radio product that closed in December 2021. That contract was an on-premise term license delivered in December 2021 which added $7.7 million to 2021 Term License & Support revenue. The remainder of the contract revenue will be recognized ratably over the rest of the 63 month life of the contract. The contract is billed monthly over the term of the contract.

Ad Revenues from our WideOrbit Marketplace product increased from prior year performance as a result of increased growth in customer use of the product. Certain WideOrbit customers use this platform to offer advertising inventory to participating advertisers, agencies, and DSPs. WideOrbit receives a sales commission on each transaction completed through the platform.

Computer Sales and Software License Sales are generally related to system sales of our WideOrbit Automation for Radio product. Sales of this product generally include a perpetual software license, hardware, one time implementation services and a first year of customer support. Customers are able to renew support on an annual basis or, alternatively, buy support as needed as a professional service engagement.

Expenses

Operating expenses by category, for the years ended December 31, 2021 and 2020 are summarized below:

	For the Year Ended December 31,		Change	
	2021	2020	$	%
Compensation	$ 76,862	$ 74,272	2,590	3.5%
Hosting expenses	8,722	6,894	1,828	26.5%
Outsourced development	8,632	6,928	1,704	24.6%
Third party costs	7,527	8,567	(1,040)	-12.1%
Rent and utilities	3,037	1,167	1,870	160.2%
Legal, accounting and professional services	3,625	4,078	(453)	-11.1%
Hardware and software	3,175	3,432	(257)	-7.5%
Data fee costs	2,145	1,824	321	17.6%
Depreciation and amortization	4,637	5,009	(372)	-7.4%
Telecommunication expenses	1,220	1,196	24	2.0%
Travel and marketing	1,055	1,180	(125)	-10.6%
Other operating expenses	2,293	3,061	(768)	-25.1%
	$ 122,930	$ 117,608	5,322	4.5%

Compensation – Compensation expense includes the cost of employee salaries, company funded payroll taxes, health care benefits and other benefits. This cost increased 3.5% for the 2021 fiscal year over 2020. A breakdown of compensation by function and by category can be found below under "Compensation Analysis".

Hosting expenses – WideOrbit offers managed hosting services to its clients through cloud hosting services and through managed colocation facilities. Costs increased 26.5% due to an increase in hosted customer contracts and their associated costs.

Outsourced development – WideOrbit uses outsourced resources to support company activities including software development, quality assurance and customer support. Costs for these services increased 24.6% in 2021 compared with 2020 levels primarily to support development of our WO Marketplace product.

Third party costs – Third party costs decreased 12.1% as outsourced implementation services declined in 2021.

Rent and utilities – WideOrbit maintains physical office locations including its corporate offices in San Francisco, CA, and other offices in New York, NY; Birmingham, AL; Dallas, TX: Denver, CO; and Seattle, WA. WideOrbit previously operated an office in Vancouver, WA.; that office was transferred to Audacy, Inc. as part of the Streaming Divestiture. Rent and utilities increased 160.2% from 2020 to

2021, including a $1.6 million lease abandonment expense for part of the San Francisco office. Absent that accrual, rent and utilities increased 23.1%.

Legal, Accounting and Professional Services – Legal, accounting and professional services decreased 11.1% from 2020 to 2021. The 2020 fiscal year included extraordinary costs related to the 2020 stock tender offer (please see “2020 Stock Tender Offer” below). In 2020, fees for the stock tender offer were $1.3 million and fees for establishing our holding company entity were $0.3 million.

Data fee – Data fees represent the cost of third-party advertising data provided to WideOrbit customers using our WO Media Sales or WO Marketplace product. In 2021, the costs increased 17.6% over 2020 levels, driven by an increase in related WO Marketplace product revenue.

Depreciation and amortization – Depreciation and amortization decreased 7.4% as amortization of WideOrbit’s leased right of use assets decreased.

Travel and marketing expenses – Travel and marketing expenses were at normal levels January-March 2020, but due to the COVID-19 pandemic, there has been a steady decline in employee travel and in marketing events leading to a 10.6% decrease in 2021.

Other Operating Expenses – Within other operating expenses, bad debt expense decreased from $0.7 million in 2020 to only $0.1 million in 2021 due to increased collections efforts. Additionally, WideOrbit decreased general and administrative expenses from $0.2 million in 2020 to $0.1 million in 2021 attributed to a decrease in recruiting expenses.

Compensation Analysis

	For the Year Ended December 31,		Change	
	2021	2020	$	%
Customer support services	$ 28,039	$ 26,895	1,144	4.3%
Research and development	25,428	24,293	1,135	4.7%
General and administrative	14,921	13,707	1,214	8.9%
Sales and marketing	8,474	9,377	(903)	-9.6%
	$ 76,862	$ 74,272	2,590	3.5%

	For the Year Ended December 31,		Change	
	2021	2020	$	%
Salary	$ 63,732	$ 61,761	1,971	3.2%
Benefits	8,389	7,750	639	8.2%
Payroll taxes	4,741	4,761	(20)	-0.4%
	$ 76,862	$ 74,272	2,590	3.5%

Overall compensation expense in 2021 increased 3.5% over 2020 costs. Salary expense grew 3.2% while the cost of benefits, driven by health care insurance costs, increased 8.2%.

Sale and License Relating to Streaming Reporting Unit

On October 20, 2021, WideOrbit entered into the Streaming Divestiture, an asset sale and license contract with Audacy, Inc., in which we sold assets and licensed certain technology to Audacy, Inc. relating to digital radio streaming product businesses. The total consideration for the transaction was $40.1 million. The transaction resulted in a pre-tax gain of $39.1 million with $30.4 million cash paid against our senior debt facility.

Related Parties

WideOrbit has conducted transactions with a member of our board of directors, Mr. Lilly, who owns a broadcasting company which purchases WideOrbit's products to conduct business. Revenue from this related party reflected in the consolidated statement of profit or loss during the year ended December 31, 2021 was $0.2 million. Revenue from related parties for the year ended December 31, 2020 was $2.4 million, which included revenue from an additional party which was previously, but is no longer, a related party as they are no longer a shareholder.

The related party balances resulting from the sales described above are as follows:

	As of December 31,	
	2021	2020
Trade accounts receivable	$ 12	$ 10
Contract asset	-	44
Deferred revenue	-	5

Liquidation of Subsidiaries

In 2021 WideOrbit began winding up the operations of its UK-based subsidiary, WideOrbit Ltd. The subsidiary entered into a formal voluntary liquidation on July 7, 2021. As of the date of this MD&A, WideOrbit LLC maintains 100% ownership of WideOrbit Ltd. and is awaiting final approval from UK regulatory authorities to complete the dissolution of the subsidiary.

In March 2022, WideOrbit began the process of winding up the operations of its France-based subsidiary, WideOrbit France S.A. All of WideOrbit France's customer contracts ended on June 30, 2022. We began terminating the remaining personnel in Q2 2022 and began formal liquidation proceedings in 2022.
In November 2022, WideOrbit France completed a formal dissolution without liquidation (also called universal transfer of assets and liabilities or "transmission universelle de patrimoine (TUP)" in French) and commenced formalities to strike the entity from the France commercial register.

Liquidity

A summary of cash flows as of and for the years ended December 31, 2021 and 2020 is below:

	As of and for the Year Ended December 31,		Change	
	2021	2020	$	%
Cash flow provided by operating activities	29,818	20,855	8,963	43.0%
Cash flow provided by (used in) investing activities	39,030	(410)	39,440	9619.5%
Cash flow used in financing activities	(34,497)	(14,407)	(20,090)	-139.4%
Cash and cash equivalents	57,674	23,427	34,247	146.2%

In 2021, WideOrbit generated $29.8 million from operations, a 43.0% increase from 2020 performance. Investing activities reflect the Streaming Divestiture and generated a $39.0 million cash gain.

WideOrbit used $34.5 million cash in financing activities in 2021, mostly for debt repayments. In 2020, net cash flows used in financing activities was $14.4 million, which mostly consisted of a $10.9 million stock purchase in conjunction with the Tender Offer.

In July 2022, WideOrbit paid an $40.0 million of the outstanding principal of the term loan and a $0.8 million prepayment cost. In September 2022, WideOrbit paid an additional $5.0 million of the outstanding principal of the term loan and a $0.1 million prepayment cost.

WideOrbit plans to use future excess funds to further invest in our products as well as pay debt service costs. We believe we have sufficient cash and available credit capacity to continue to operate for the foreseeable future.

2020 Stock Tender Offer

On June 3, 2020, WideOrbit launched a tender offer to purchase eligible shares of its capital stock and vested stock options. The purchase of shares pursuant to the tender offer closed on July 8, 2020, with WideOrbit repurchasing $190.0 million in shares held by eligible stockholders and option holders that participated in the tender offer. Funding for the share repurchase came from amounts borrowed under the senior debt facility. Please refer to the consolidated financial statements for further information on the tender offer.

Outstanding Share Data

As of the date of this MD&A, there were 54,966,858 shares issued and outstanding.

Commitments

Financing

On July 8, 2020, WideOrbit entered into a senior debt facility with various lenders to fund the repurchase of shares in a tender offer launched in June 2020. The senior debt facility provides for term loans in the aggregate original principal amount of $190.0 million and a $15.0 million revolving line of credit. Interest on the loans accrue at a variable interest rate with the minimum rate of 9.75%. The interest rate in effect from the inception of the debt through December 31, 2021 was 9.75%.

Interest expense for the years ended December 31, 2021 and 2020 totaled $22.9 million and $10.4 million, respectively. There was no accrued interest as of December 31, 2021 or 2020.

The term loans are repayable in quarterly installments of 0.25% of the original aggregate principal amount commencing on September 30, 2020. The term loans and the revolving loan commitments terminate on July 8, 2025, when all outstanding principal amounts and accrued and unpaid interest on the term debt and any outstanding revolving loans will be due.

In addition to the four quarterly installments, in October 2021 WideOrbit made a partial repayment of $28.4 million on the term loan principal as well as a $2.0 million prepayment cost. As of December 31, 2021, we had $158.7 million in outstanding principal on the term loan and nothing outstanding on the revolving line of credit.

In July 2022, WideOrbit paid an additional $40.0 million of the outstanding principal of the term loan and a $0.8 million prepayment cost. In September 2022, WideOrbit paid an additional $5.0 million of the outstanding principal of the term loan and a $0.1 million prepayment cost.

The following table summarizes WideOrbit's borrowings:

	As of December 31, 2021	As of December 31, 2020
Term loan	$ 158,740	$ 189,050
Unamortized debt issuance costs	(3,880)	(5,812)
	154,860	183,238
Less current portion	752	585
Long-term debt	$ 154,108	$ 182,653

The following table summarizes future required payments on borrowings as of the year ended December 31, 2021:

Years Ending December 31,	
2022	$ 1,900
2023	1,900
2024	1,900
2025	153,040
	$ 158,740

Leases

WideOrbit leases its facilities under non-cancellable operating lease agreements that expire from 2022 to 2026. Total rent expense under all operating leases for the years ended December 31, 2021 and 2020 was $2.9 million and $2.8 million, respectively. WideOrbit did not receive any sublease income for the years ended December 31, 2021 and 2020.

Future minimum rental payments under all non-cancellable operating lease agreements are as follows:

Years Ending December 31,	
2022	$ 3,734
2023	3,517
2024	3,530
2025	1,949
2026	221
	$ 12,951

Off-Balance Sheet Arrangements

As a general practice, we do not enter into off-balance sheet financing arrangements. All of our liabilities and commitments are reflected as part of our statement of financial position except for short term leases, leases of low value assets, and letters of credit.

Risks and Uncertainties

WideOrbit's business is subject to a number of risk factors which are described in the audited financial statements dated December 31, 2021. If any of the noted risks actually occur, our business may be harmed and the financial condition and results of operations may suffer significantly. Additional risks and uncertainties not presently known to us or that we currently consider immaterial also may impair our business and operations.

WideOrbit is closely monitoring the impact of COVID-19 on all aspects of its business. COVID-19 was declared a global pandemic by the World Health Organization on March 11, 2020. The COVID-19 pandemic did not materially impact WideOrbit's results of operations, cash flows or financial position for the 2020 and 2021 fiscal years, however, the future impacts of the pandemic, the measures taken by governments and others to address the impact of the pandemic and any resulting economic impact are largely unknown and rapidly evolving. It is possible that the COVID-19 pandemic, the measures taken by governments and others affected by the pandemic and the resulting economic impact may adversely affect WideOrbit's results of operations, cash flows and financial position as well as its customers in future periods, and this impact could be material. As of the date hereof, there are no known or anticipated COVID-19 related impacts on WideOrbit's business or operations that are material.

The COVID-19 pandemic has had disruptive effects in geographies in which WideOrbit operates and has adversely impacted some of our customers' operations to date. The pandemic may also have a future adverse impact on some or many of WideOrbit's customers, including their ability to satisfy ongoing payment obligations to WideOrbit, which could increase our bad debt exposure.

WIDEORBIT INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND SEPTEMBER 30, 2021

See attached.

WideOrbit Inc.
Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the Audited Consolidated Financial Statements for the years ended December 31, 2021 and 2020 as well as the Interim Unaudited Condensed Consolidated Financial Statements as of September 30, 2022, and for the three and nine month periods ended September 30, 2022 and September 30, 2021, including the notes to those statements, included elsewhere in this report. The information presented in this MD&A is based on the historical financial performance of WideOrbit Inc. Unless otherwise indicated, all amounts within the tables are expressed in thousands of United States Dollars ("USD"). All references to "$" are to USD.

Certain information included herein is forward looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "Forward Looking Statements" and "Risks and Uncertainties".

References in this filing to the "WideOrbit," "WideOrbit," "we," "our," and "us" refer to WideOrbit Inc. and our wholly owned and consolidated subsidiaries.

Forward Looking Statements

Certain statements in this report may contain "forward looking" statements that involve risks, uncertainties and other factors that may cause the actual results, performance or achievements of WideOrbit or industry to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Words such as "may", "will", "expect", "believe", "plan", "intend", "should", "anticipate" and other similar terminology are intended to identify forward looking statements. These statements reflect current assumptions and expectations regarding future events and operating performance as of the date of this MD&A, December 11, 2022. Forward looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to vary significantly from the results discussed in the forward looking statements, including, but not limited to, the factors discussed under "Risks and Uncertainties". Although the forward looking statements contained in this MD&A are based upon what management of WideOrbit believes are reasonable assumptions, it cannot assure investors that actual results will be consistent with these forward looking statements. These forward looking statements are made as of the date of this MD&A and WideOrbit assumes no obligation, except as required by law, to update any forward looking statements to reflect new events or circumstances.

Business Overview

WideOrbit provides enterprise software solutions that manage a variety of business advertising operations, including sales, traffic, and digital media operations, radio automation, and promotion optimization. Founded in 1999, WideOrbit is privately held and is headquartered in San Francisco, with offices in Birmingham, Dallas, Denver, Seattle, and New York. WideOrbit has approximately 460 employees.

Our revenue consists primarily of software subscription revenue from multi-year software contracts. These non-cancellable software contracts can include software licenses, "software-as-a-service" or SaaS, post-delivery software maintenance and customer support, and software updates "when and if available" which are recognized ratably over the non-cancellable contract term. Additionally, our revenue contains professional services contracts which can include implementation and integrations, training and custom development services which are recognized as performed and, if applicable, upon customer acceptance. Software sales and sales of third-party hardware are recognized when delivered. Advertising services and content delivery services revenue are recognized as services are delivered.

Our expenses consist primarily of employee costs, third party and internal hosting costs, third party license fees, outsourced development costs, debt service and general operating expenses.

Discussion of Operations

Statements of profit or loss for WideOrbit for the three and nine month periods ended September 30, 2022 and September 30, 2021 are summarized below. WideOrbit reports expenses by function in its statement of profit or loss. For a more detailed breakdown of expenses, please see the *Expenses* section further below.

	Three Months Ended September 30,		Change	
	2022	2021	$	%
Revenue	$ 41,337	$ 41,020	317	0.8%
Cost of sales	12,445	12,877	(432)	-3.4%
Gross profit	28,892	28,143	749	2.7%
Research and development	9,282	9,448	(166)	-1.8%
General and administrative	7,501	4,720	2,781	58.9%
Sales and marketing	2,540	2,657	(117)	-4.4%
Other expense (income), net	(105)	26	(131)	-503.8%
Profit from operations	9,674	11,292	(1,618)	-14.3%
Finance costs, net	(5,265)	(5,232)	(33)	0.6%
Gain (loss) on fair valuation of warrants	(353)	(810)	457	-56.4%
Profit before tax	4,056	5,250	(1,194)	-22.7%
Income tax expense	1,166	1,275	(109)	-8.5%
Profit for the period	$ 2,890	$ 3,975	(1,085)	-27.3%

	Nine Months Ended September 30,		Change	
	2022	2021	$	%
Revenue	$ 124,170	$ 116,629	7,541	6.5%
Cost of sales	37,737	38,027	(290)	-0.8%
Gross profit	86,433	78,602	7,831	10.0%
Research and development	30,355	27,258	3,097	11.4%
General and administrative	17,928	15,697	2,231	14.2%
Sales and marketing	8,629	7,518	1,111	14.8%
Other expense (income), net	(63)	(100)	37	-37.0%
Profit from operations	29,584	28,229	1,355	4.8%
Finance costs, net	(13,888)	(15,572)	1,684	-10.8%
Gain (loss) on fair valuation of warrants	(2,226)	(1,416)	(810)	57.2%
Profit before tax	13,470	11,241	2,229	19.8%
Income tax expense	3,539	2,474	1,065	43.0%
Profit for the period	$ 9,931	$ 8,767	1,164	13.3%

WideOrbit's revenue increased $0.3 million for the three month period ended September 30, 2022, compared to the same period in 2021 and increased $7.5 million for the nine month period ended September 30, 2022, compared to the same period in 2021. The growth was driven by increases in term license & support revenue due to new business and annual price escalators.

During the three month period ended September 30, 2022, profit from operations decreased by $1.6 million compared to the three month period ended September 30, 2021 as general and administrative costs increased. Profit from operations increased by $1.4 million during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021 due to an increase in term license & support revenue as well as ad revenues (see Revenue discussion below).

Finance costs increased 0.6% for the three months ended September 30, 2022 compared to the same period in 2021 as debt repayments of $45.4 million in Q3 2022 decreased interest expense, offset by accelerated amortization of debt issuance costs related to those repayments. Finance costs decreased 10.8% for the nine months ended September 30, 2022 compared to the same period in 2021 as a result of a decrease in the principal balance and related interest expense.

Profit for the period decreased 27.3% for the three months ended September 30, 2022 compared to the same period in 2021 primarily due to an increase in general & administrative costs, and increased 13.3% for the nine months ended September 30, 2022 compared to the same period in 2021 due to the increase in revenue.

Revenue

Revenue for WideOrbit for the three and nine month periods ended September 30, 2022 and 2021 is summarized below:

	For the three months ended September 30,		Change	
	2022	2021	$	%
Term License & Support Contract Fees	$ 37,778	$ 36,969	809	2.2%
Professional Services	860	1,274	(414)	-32.5%
Billed Expenses, Data & Royalty Fees	1,135	958	177	18.5%
Ad Revenues	645	819	(174)	-21.2%
Hardware	645	535	110	20.6%
Software License Sales	274	465	(191)	-41.1%
	$ 41,337	$ 41,020	317	0.8%

	For the nine months ended September 30,		Change	
	2022	2021	$	%
Term License & Support Contract Fees	$ 110,711	$ 105,099	5,612	5.3%
Professional Services	2,961	4,616	(1,655)	-35.9%
Billed Expenses, Data & Royalty Fees	3,449	2,938	511	17.4%
Ad Revenues	3,276	1,840	1,436	78.0%
Hardware	2,143	1,156	987	85.4%
Software License Sales	1,630	980	650	66.3%
	$ 124,170	$ 116,629	7,541	6.5%

Total revenue growth was 0.8% and 6.5% for the three and nine month periods ended September 30, 2022, compared to the same periods in 2021. Term License and Support Contract Fees growth was 2.2% and 5.3% for the three and nine month periods ended September 30, 2022, respectively, compared to the same periods in 2021.

Ad Revenues from our WideOrbit Marketplace product were 78.0% higher in 2022 than the 2021 comparable period for the nine months ended September 30, 2022, with increased growth in customer use of the WideOrbit Marketplace. Certain WideOrbit customers use this platform to offer advertising inventory to participating advertisers, agencies, and DSPs. WideOrbit receives a sales commission on each transaction completed through the platform.

Hardware and Software License Sales are generally related to system sales of our WideOrbit Automation for Radio product. Aggregate revenue for these product sales grew 76.6% for the nine months ended September 30, 2022 compared to the same period in 2021. Sales of this product generally include a perpetual software license, hardware, one time implementation services and a first year of customer support. Customers are able to renew support on an annual basis or, alternatively, buy support as needed as a professional service engagement.

Expenses

Operating expenses by category for the three and nine month periods ended September 30, 2022 and 2021 are summarized below:

	For the three months ended September 30,				Change	
	2022		2021		$	%
Compensation	$	18,052	$	18,597	(545)	-2.9%
Hosting expenses		2,262		2,283	(21)	-0.9%
Outsourced development		2,554		2,263	291	12.9%
Third party costs		2,176		2,307	(131)	-5.7%
Rent and utilities		33		160	(127)	-79.4%
Legal, accounting and professional services		3,123		943	2,180	231.2%
Hardware and software		968		598	370	61.9%
Data fee costs		523		607	(84)	-13.8%
Depreciation and amortization		899		1,117	(218)	-19.5%
Telecommunication expenses		264		302	(38)	-12.6%
Travel and marketing		427		260	167	64.2%
Other operating expenses		382		291	91	31.3%
	$	31,663	$	29,728	1,935	6.5%

	For the nine months ended September 30,				Change	
	2022		2021		$	%
Compensation	$	58,090	$	57,023	1,067	1.9%
Hosting expenses		6,581		6,453	128	2.0%
Outsourced development		7,463		6,202	1,261	20.3%
Third party costs		6,141		5,327	814	15.3%
Rent and utilities		301		489	(188)	-38.4%
Legal, accounting and professional services		5,174		3,136	2,038	65.0%
Hardware and software		2,668		2,079	589	28.3%
Data fee costs		1,824		1,522	302	19.8%
Depreciation and amortization		2,912		3,535	(623)	-17.6%
Telecommunication expenses		809		910	(101)	-11.1%
Travel and marketing		1,554		541	1,013	187.2%
Other operating expenses		1,069		1,183	(114)	-9.6%
	$	94,586	$	88,400	6,186	7.0%

Compensation – Compensation expense includes the cost of employee salaries, company funded payroll taxes, health care benefits and other benefits. This cost decreased 2.9% for the three months ended September 30, 2022, compared to the same period in 2021, and increased 1.9% for the nine months ended September 30, 2022, compared to the same period in 2021. A breakdown of compensation by function and by category can be found below under “Compensation Analysis”.

Hosting expenses – WideOrbit offers managed hosting services to its clients through cloud hosting services and through managed colocation facilities. Costs decreased 0.9% for the three months ended September 30, 2022, compared to the same period in 2021, and increased 2.0 % for the nine months ended September 30, 2022, compared to the same period in 2021.

Outsourced development – WideOrbit uses outsourced resources to support company activities including software development, quality assurance and customer support. Costs increased 12.9% for the three months ended September 30, 2022, compared to the same period in 2021, and 20.3% for the nine months ended September 30, 2022, compared to the same period in 2021.

Third party costs – Third party costs decreased 5.7% for the three months ended September 30, 2022, compared to the same period in 2021, and increased 15.3% for the nine months ended September 30, 2022, compared to the same period in 2021.

Rent and utilities – WideOrbit maintains physical office locations including its corporate offices in San Francisco, CA, and other offices in New York, NY; Birmingham, AL; Dallas, TX: Denver, CO; and Seattle, WA. WideOrbit previously operated an office in Vancouver, WA., that office was transferred as part of the sale of the streaming business to Audacy, Inc. in October 2021 (the "Streaming Divestiture"). Costs decreased 79.4% for the three months ended September 30, 2022, compared to the same period in 2021, and 38.4% for the nine months ended September 30, 2022, compared to the same period in 2021. The decrease is mainly due to tenant common charges for utilities and taxes.

Legal, Accounting and Professional Services – Legal, accounting and professional services increased 231.2% for the three months ended September 30, 2022, compared to the same period in 2021, and 65.0% for the nine months ended September 30, 2022, compared to the same period in 2021 due to work associated with the letter of intent disclosed in note 11 of the interim financial statements.

Hardware and software costs – Hardware and software costs increased 61.9% for the three months ended September 30, 2022, compared to the same period in 2021, and 28.3% for the nine months ended September 30, 2022, compared to the same period in 2021 due to increased focus on cyber security.

Data fees – Data fees represent the cost of third-party advertising data provided to WideOrbit customers using our WideOrbit Media Sales or WideOrbit Marketplace products. Costs decreased 13.8% for the three months ended September 30, 2022, compared to the same period in 2021, and increased 19.8% for the nine months ended September 30, 2022, compared to the same period in 2021, driven by an increase in usage of our WideOrbit Marketplace product.

Depreciation and amortization – Depreciation and amortization costs decreased 19.5% for the three months ended September 30, 2022, compared to the same period in 2021, and 17.6% for the nine months ended September 30, 2022 as assets in WideOrbit's colocations became fully depreciated. WideOrbit invested $1.0 million in replacement assets in the first nine months of 2021 and $0.4 million for the same period in 2022.

Travel and marketing expenses – Travel and marketing expenses were at normal levels January-March 2020, but due to the COVID-19 pandemic, there had been a steady decline in employee travel as well as marketing events through 2021. Spend in 2022 has begun to rebound to pre-pandemic levels, leading to an increase of 64.2% for the three months ended September 30, 2022, compared to the same period in 2021, and 187.2% for the nine months ended September 30, 2022.

Other Operating Expenses – Other operating expenses increased 31.3% for the three months ended September 30, 2022, compared to the same period in 2021. Costs decreased 9.6% for the nine months ended September 30, 2022, compared to the same period in 2021.

Compensation Analysis

WideOrbit's compensation costs by function and by category for the three and nine month periods ended September 30, 2022 and 2021 are summarized below:

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	Change $	Change %
Customer support services	$ 6,640	$ 6,658	(18)	-0.3%
Research and development	6,168	6,602	(434)	-6.6%
General and administrative	3,268	3,254	14	0.4%
Sales and marketing	1,976	2,083	(107)	-5.1%
	$ 18,052	$ 18,597	(545)	-2.9%

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	Change $	Change %
Salary	$ 14,998	$ 15,416	(418)	-2.7%
Benefits	2,001	2,112	(111)	-5.3%
Payroll taxes	1,053	1,069	(16)	-1.5%
	$ 18,052	$ 18,597	(545)	-2.9%

	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021	Change $	Change %
Customer support services	$ 20,470	$ 21,472	(1,002)	-4.7%
Research and development	21,448	19,034	2,414	12.7%
General and administrative	9,657	10,513	(856)	-8.1%
Sales and marketing	6,515	6,004	511	8.5%
	$ 58,090	$ 57,023	1,067	1.9%

	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021	Change $	Change %
Salary	$ 48,259	$ 47,004	1,255	2.7%
Benefits	6,116	6,319	(203)	-3.2%
Payroll taxes	3,715	3,700	15	0.4%
	$ 58,090	$ 57,023	1,067	1.9%

Overall compensation costs decreased 2.9% for the three months ended September 30, 2022, compared to the same period in 2021, and increased 1.9% for the nine months ended September 30, 2022, compared to the same period in 2021. These expenses include statutory severance costs associated with the winding-up of WideOrbit's subsidiary in France as well as a reserve of $0.4 million for associated costs.

Related Parties

WideOrbit has conducted sales transactions with an employee and member of our board of directors, Mr. Lilly, who owns a broadcasting company which purchases WideOrbit's products to conduct business. Revenue from this related party reflected in the consolidated statement of profit or loss was $0.1 million in each of the three month periods ended September 30, 2022 and 2021 and was $0.2 million in each of the nine month periods ended September 30, 2022 and 2021.

Liquidation of Subsidiaries

In 2021 WideOrbit began winding up the operations of its UK-based subsidiary WideOrbit Ltd. The subsidiary entered into a formal voluntary liquidation on July 7, 2021. As of the date of this MD&A, WideOrbit LLC maintains 100% ownership of WideOrbit Ltd. and is awaiting final approval from UK regulatory authorities to complete the dissolution of the subsidiary.

In March 2022, WideOrbit began the process of winding up the operations of its France-based subsidiary, WideOrbit France. All of WideOrbit France's customer contracts ended on June 30, 2022. WideOrbit began terminating the remaining personnel in Q2 2022. In November 2022, WideOrbit France completed a formal dissolution without liquidation (also called universal transfer of assets and liabilities or "transmission universally de patrimoine (TUP)" in French) and commenced formalities to strike the entity from the France commercial register.

Liquidity

WideOrbit's cash flow information for the nine month periods ended September 30, 2022 and September 30, 2021 is summarized below:

	For the nine months ended September				Change	
	2022		2021		$	%
Cash flow provided by operating activities	$	7,535	$	15,800	(8,265)	-52.3%
Cash flow used in investing activities		(395)		(970)	575	-59.3%
Cash flow used in financing activities		(48,517)		(2,946)	(45,571)	1546.9%
Cash and cash equivalents		16,100		35,251	(19,151)	-54.3%

Cash flow from operating activities decreased by $8.3 million, or 52.3% for the nine month period ended September 30, 2022, compared to the same period in 2021. This is mainly due to the $10.4 million in income taxes paid in April 2022 relating to the Streaming Divestiture. This is offset with a $1.6 million decrease in interest paid for the nine month period ending September 30, 2022, compared to the same period in 2021 due to a decreased principal balance on the term loan.

Cash flow used in investing activities decreased by $0.6 million for the nine month period ended September 30, 2022, compared to the same period in 2021 due to fewer property and equipment purchases.

Cash flow used in financing activities increased by $45.6 million for the nine month period ended September 30, 2022, compared to the same period in 2021. The change mostly pertains to the payments made on the term loan, which are discussed in detail below under "Financing".

Outstanding Share Data

As of the date of this MD&A, there were 54,966,858 shares issued and outstanding.

Commitments

Financing

On July 8, 2020, WideOrbit entered into a senior debt facility with various lenders to fund the repurchase of shares in a tender offer launched in June 2020. The senior debt facility provides for term loans in the aggregate original principal amount of $190.0 million and a $15.0 million revolving line of credit. Interest on the loans accrue at a variable interest rate with the minimum rate of 9.75%. The interest rate in effect from the inception of the debt through July 29, 2022 was 9.75%. Since that date, the increase in interest rates in the United States has impacted our debt costs. The interest rate as of August 31, 2022 was 11.024% and as of September 30, 2022 was 11.62%.

Interest expense for the three month periods ended September 30, 2022 and 2021 was $4.2 million and $4.9 million, respectively. Interest expense for the nine month periods ended September 30, 2022 and 2021 was $12.3 million and $14.6 million, respectively. There was no accrued interest on September 30, 2022 or December 31, 2021.

The term loan is repayable in quarterly installments of 0.25% of the original aggregate principal amount commencing on September 30, 2020. The term loan and the revolving loan commitments terminate on July 8, 2025, when all outstanding principal amounts and accrued and unpaid interest on the term debt and any outstanding revolving loans will be due.

In addition to the four quarterly installments, in October 2021 WideOrbit made a partial repayment of $28.4 million on the term loan principal as well as a $2.0 million prepayment cost. In July 2022, WideOrbit paid an additional $40.0 million of the outstanding principal of the term loan and a $0.8 million prepayment cost. In September 2022, WideOrbit paid an additional $5.0 million of the outstanding principal of the term loan and a $0.1 million prepayment cost. As of September 30, 2022, WideOrbit had $112.5 million in outstanding principal on the term loan, compared to $158.7 million outstanding on December 31, 2021. WideOrbit had no outstanding amount on the revolving line of credit on either date.

The following table summarizes WideOrbit's borrowings:

	As of	
	September 30, 2022	December 31, 2021
Term loan	$ 112,451	$ 158,740
Unamortized debt issuance costs	(2,337)	(3,880)
	110,114	154,860
Less current portion	1,038	752
Long-term debt	$ 109,076	$ 154,108

Future principal payments scheduled to be made on borrowings are below (in thousands):

December 2022	$ 475
2023	1,900
2024	1,900
2025	108,176
	$ 112,451

Off-Balance Sheet Arrangements

As a general practice, we do not enter into off-balance sheet financing arrangements. All of our liabilities and commitments are reflected as part of our statement of financial position except for short term leases, leases of low value assets, and letters of credit.

Risks and Uncertainties

WideOrbit's business is subject to a number of risk factors which are described in the audited financial statements dated December 31, 2021. If any of the noted risks actually occur, our business may be harmed and the financial condition and results of operations may suffer significantly. Additional risks and uncertainties not presently known to us or that we currently consider immaterial also may impair our business and operations.

WideOrbit is closely monitoring the impact of COVID-19 on all aspects of its business. COVID-19 was declared a global pandemic by the World Health Organization on March 11, 2020. The COVID-19 pandemic did not materially impact WideOrbit's results of operations, cash flows or financial position for the 2020, 2021, and 2022 fiscal years to date, however, the future impacts of the pandemic, the measures taken by governments and others to address the impact of the pandemic, and any resulting economic impact are largely unknown and rapidly evolving. It is possible that the COVID-19 pandemic, the measures taken by governments and others affected by the pandemic and the resulting economic impact may adversely affect WideOrbit's results of operations, cash flows and financial position as well as its customers in future periods, and this impact could be material. As of the date hereof, there are no known or anticipated COVID-19 related impacts on our business or operations that are material.

The COVID-19 pandemic has had disruptive effects in geographies in which WideOrbit operates and has adversely impacted some of our customers' operations to date. The pandemic may also have a future adverse impact on some or many of WideOrbit's customers, including their ability to satisfy ongoing payment obligations to WideOrbit, which could increase our bad debt exposure.

APPENDIX A

AUDIT COMMITTEE MANDATE

Responsibilities

Reporting to the board of directors of the Company, the Audit Committee shall be responsible for assisting in the board of directors' oversight of the reliability and integrity of the accounting principles and practices, financial statements and other financial reporting, and disclosure practices followed by management of the Company and its subsidiaries. The Audit Committee shall also have oversight responsibility for:

a) the qualifications, independence and performance of the independent auditors;
b) the establishment by management of an adequate system of internal controls;
c) the preparation by management of quarterly and annual financial statements; and
d) the maintenance by management of practices and processes to assure compliance with applicable laws.

Composition

The Audit Committee shall be composed of not less than three directors of the Company, the majority of whom are not officers or employees of the Company or any of its affiliates. Each member of the Audit Committee shall be financially literate[1] or must become financially literate within a reasonable period of time after his or her appointment to the Audit Committee.

Meetings

The Audit Committee shall meet in regular sessions at least four times each year to review and recommend to the board of directors approval of the financial statements for the first three quarters as well as the annual financial statements. Special meetings of the Audit Committee may be called by the Chairman of the board of directors, any member of the Audit Committee, or by the independent auditors. The independent auditors shall receive notice of every meeting of the Audit Committee and the independent auditors are entitled to attend and participate in such meetings. Minutes of Audit Committee meetings shall be prepared and be made available to the board of directors.

Nomination of Independent Auditors

The board of directors, after consideration of the recommendation of the Audit Committee, shall nominate the independent auditors for appointment by the shareholders of the Company in accordance with applicable law. The independent auditors are ultimately accountable to the Audit Committee and the board of directors as representatives of shareholders.

Specific Oversight Duties

In carrying out its responsibilities, the Audit Committee shall have the following specific oversight duties:

I) INDEPENDENT AUDITORS

a) review, at least annually, the performance of the independent auditors, and annually recommend to the board of directors, for approval by the shareholders, the appointment of the independent auditors of the Company in accordance with the *Business Corporations Act* (Ontario);
b) engage in an active dialogue with the independent auditors on their independence from the Company, and where it is determined that independence no longer exists, recommend that the board of directors take appropriate action;
c) review and recommend to the board of directors for approval the terms of any annual audit engagement of the independent auditors, including the appropriateness of the proposed audit fees with respect to the engagement of the independent auditors for any audit related services;

[1] "Financially literate" shall mean that the director is able to critically read and understand a balance sheet, an income statement, a cash flow statement and the notes attached thereto.

d) approve any non-audit services to be provided by the firm of the independent auditors;
e) review and approve annually the overall scope of the independent auditors' annual audit plan;

II) INTERNAL CONTROLS

a) periodically review the status and findings of the independent auditors' audit plan and the adequacy of internal controls established by management and, where appropriate, make recommendations or reports thereon to the board of directors;
b) understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses;
c) annually, and at any time in response to a specific request by management or the independent auditors, meet separately with the relevant parties with respect to such matters as the effectiveness of the system of internal controls established by management, the adequacy of the financial reporting process, the quality and integrity of the financial statements, the evaluation of the performance of the independent auditor and any other matter that may be appropriate;

III) FINANCIAL STATEMENTS

a) review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements;
b) review the quarterly and annual financial statements, and consider whether they are complete, consistent with information known to Audit Committee members, and reflect appropriate accounting principles;
c) review significant changes in the accounting principles to be observed in the preparation of the accounts of the Company and its subsidiaries, or in their application, and in financial statement presentation;
d) review and, following discussion with the independent auditors (following their review of the financial statements) and management, recommend to the board of directors, approval of unaudited quarterly and audited annual consolidated financial statements of the Company;

IV) COMPLIANCE WITH APPLICABLE LAWS

a) review and monitor practices and procedures adopted by management to assure compliance with applicable laws, and, where appropriate, make recommendations or reports thereon to the board of directors;

Specific Issue Examinations

In discharging its duties and responsibilities, the Audit Committee may direct that the independent auditors examine or consider a specific matter or area and report to the Audit Committee on the findings of such examination. The Audit Committee may direct the independent auditors or other party to perform supplemental reviews or audits as the Audit Committee deems desirable.

Authority

The Audit Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

a) retain outside counsel, accountants or others to advise the Audit Committee or assist in the conduct of an investigation;
b) seek any information it requires from employees – all of whom are directed to cooperate with the Audit Committee's request – or external parties; and
c) meet with company officers, external auditors or outside counsel as necessary.

Mandate Review

The Audit Committee shall review and assess the adequacy of the Audit Committee mandate annually, and recommend any proposed changes to the board of directors for approval.

Limitation of Responsibilities

While the Audit Committee has the responsibilities and powers set forth in this mandate, it is not the duty of the Audit Committee to plan or conduct audits, to determine that the Company's financial statements are complete and accurate and are in accordance with International Financial Reporting Standards, or to design or implement an effective system of internal controls. Such matters are the responsibility of management and the independent auditors, as the case may be. Nor is it the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between management and the independent auditors or to assure compliance with applicable accounting standards, laws and regulations.

APPENDIX B

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

a) Board of Directors

The Board will be composed of seven members following the Acquisition Closing.

David Nyland and Brian Beattie are not independent as they are senior officers of the Company. Mark Miller and Robin van Poelje are not independent as they are or were within the last three years officers or employees of Constellation Software Inc. ("**CSI**") or its subsidiaries. Lucie Laplante and Paul Cowling, who will join the Company's board of directors following the filing of this prospectus, will be independent according to the definition of "independence" set out in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* as it applies to the Board. Eric Mathewson, who will join the Company's board of directors following the Acquisition Closing, is not independent as he is an employee of a subsidiary entity of the Company.

The Chair of the Board ("**Chair**") shall be Mark Miller. In the absence of the Chair, the members present at a meeting may appoint (by majority vote) an acting Chair for such meeting. The secretary of the Board shall be the Company's General Counsel.

The Board will facilitate its exercise of independent supervision over the Company's management through frequent discussions with management and regular meetings of the Board, including *in camera* meetings held at least quarterly, at which members of the Company's management will not be present. In addition, the two Board committees, being the Audit Committee and the CNHR Committee, will consist of a majority of independent directors, which will further facilitate independent supervision over the Company's management.

The following directors are currently directors of other issuers that are reporting issuers (or the equivalent) in a jurisdiction of Canada or a foreign jurisdiction:

Name	Director of Other Issuer
Mark Miller	Computer Modelling Group Ltd. Constellation Software Inc.
Brian Beattie	Pivotree Inc.
Robin van Poelje	Constellation Software Inc. Topicus.com Inc.

b) Orientation and Continuing Education

While the Company does not have a formal orientation program for new members of the Board, the Company's Chief Executive Officer ("**CEO**") and other members of senior management are and will continue to be available to Board members to discuss the Company's business and assist in the orientation and education of Board members as required.

As part of the orientation process, new Board members shall be provided with copies of the Company's relevant financial data and have the opportunity to attend management meetings.

The Board does not formally provide continuing education to its directors; however, the directors are experienced members, the majority of whom are or have been directors on boards of other companies. The Board shall rely on professional assistance when considered necessary in order to be educated or updated on a particular topic.

Each nominated Board candidate is responsible for ensuring that it meets the following criteria: (i) it possesses the ability to perform its duties as detailed in the Board mandate; and, if an independent director (ii) is free from any conflict of interest such as serving as an employee or director of (a) any organization presently providing a significant level of service to the Company, (b) institutions engaged in commercial banking, underwriting, law, or management consulting, or (c) any substantial customer of the Company.

c) Ethical Business Conduct

The Company has not adopted a written code of conduct and ethics. Employees and officers of the Company have signed employment contracts that require that ethical and lawful behaviour must be exhibited at all times. In addition, most of the subsidiaries of the Company have codes of conduct in place and available to their employees which further outline what behaviour is/is not tolerated.

Under the *Business Corporations Act* (Ontario), to which the Company is subject, a director or officer of the Company must disclose to the Company, the nature and extent of any interest that he or she has in a material contract or material transaction, whether made or proposed, with the Company, if the director or officer: (i) is a party to the contract or transaction; (b) is a director or an officer, or an individual acting in a similar capacity, of a party to the contract or transaction; or (c) has a material interest in a party to the contract or transaction. Subject to limited exceptions set out in the *Business Corporations Act* (Ontario), the director cannot vote on any resolution to approve the contract or transaction and must recuse himself or herself from the decision-making process pertaining to a contract or transaction in which he or she has an interest.

d) Nomination Of Directors

CSI shall have the right to nominate six members of the Board for so long as CSI holds a 15% fully-diluted interest in the Company. however CSI, through its indirectly wholly-owned subsidiary, Trapeze, has delivered an undertaking to the TSXV that it will not exercise its nomination right in respect of two of such individuals, who will be independent according to the definition of “independence” set out in National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, for so long as Trapeze remains a control person of the Company (as such term is defined in the policies of the TSXV). The Majority Rollover Shareholders shall have the right to nominate one member of the Board for so long as the Majority Rollover Shareholders hold a 4% fully-diluted interest in the Company.

e) Compensation

The Board periodically reviews the remuneration of directors and makes adjustments where considered necessary. The CNHR Committee considers responsibilities, skills and competitive compensation in determining remuneration. With respect to the compensation of the Company’s officers, see “*Executive Compensation – Compensation Discussion and Analysis*” above.

Corporate objectives are established periodically by the Board of Directors. Executive performance is assessed at least annually by the CNHR Committee against those objectives.

f) Committees

The Board may at its discretion establish Committees (in addition to the Audit Committee and the Compensation, Nominating and Human Resources Committee) and delegate some of its responsibilities and powers to its Committees. The Board may form other Committees at its discretion and currently does not have any other committees in place. Each Committee will operate under a written mandate, approved by the Board.

g) Assessments

Each Committee shall review and assess the adequacy of its mandate, in accordance with the terms of its mandate, and recommend any proposed changes to the Board for approval. The Board in conjunction with the CEO shall, every three years, review and assess the effectiveness of the Board as a whole, the membership of the Committees, the mandates and activities of each Committee and the contribution of individual Board directors. Feedback shall be obtained from members of the Board and the various Committees on an informal basis, which the Board believes is sufficient to address any changes that may be necessary or desirable.

CERTIFICATE OF THE COMPANY

Dated: February 6, 2023

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

By: (Signed) David Nyland Chief Executive Officer	By: (Signed) Brian Beattie Chief Financial Officer

On behalf of the Board of Directors

By: (Signed) Mark Miller Director	By: (Signed) Robin van Poelje Director

CERTIFICATE OF THE PROMOTER

Dated: February 6, 2023

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

CONSTELLATION SOFTWARE INC.

By: (Signed) Mark Leonard
President