

Consolidated Financial Statements
(In USD)

Lumine Group (Holdings) Inc.

For the years ended December 31, 2022 and 2021



KPMG LLP
Bay Adelaide Centre
333 Bay Street, Suite 4600
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 consolidated financial statements of Lumine Group (Holdings) Inc. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2022 and December 31, 2021
- the consolidated statements of income (loss) for the years ended December 31, 2022 and December 31, 2021
- the consolidated statements of comprehensive income (loss) for the years ended December 31, 2022 and December 31, 2021
- the consolidated statements of changes in equity for the years ended December 31, 2022 and December 31, 2021
- the consolidated statements of cash flows for the years ended December 31, 2022 and December 31, 2021
- and notes to the consolidated 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 consolidated financial position of the Entity as at December 31, 2022 and December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2022 and December 31, 2021 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.



Page 2

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

Emphasis of Matter - Basis of Presentation

We draw attention to Note 2(b) to the financial statements, which describes the basis of presentation, including the approach to and the purpose for preparing the financial statements including the comparative information.

Our opinion is not modified in respect of this matter.

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.



Page 3

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.



Page 4

- 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

March 15, 2023

Lumine Group (Holdings) Inc.

Consolidated Statements of Financial Position

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

	December 31, 2022	December 31, 2021
Assets		
Current assets:		
Cash	\$ 67,085	\$ 27,110
Accounts receivable (note 18)	63,677	45,109
Due from related parties, net (note 24)	-	111,629
Unbilled revenue (note 19)	9,965	7,219
Inventories	60	26
Other assets (note 5)	22,967	16,679
	163,754	207,772
Non-current assets:		
Property and equipment (note 6)	3,138	2,517
Right of use assets (note 7)	5,349	4,503
Deferred income taxes (note 13)	2,931	3,580
Other assets (note 5)	8,492	6,785
Intangible assets and goodwill (note 8)	216,797	103,249
	236,707	120,634
Total assets	\$ 400,461	\$ 328,406
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 63,879	\$ 51,169
Due to related parties, net (note 24)	35,466	-
Current portion of bank debt (note 9)	975	-
Deferred revenue (note 19)	62,449	63,991
Provisions (note 10)	22	27
Acquisition holdback payables	3,121	2,976
Lease obligations (note 11)	2,069	2,365
Income taxes payable	9,464	5,690
	177,445	126,218
Non-current liabilities:		
Deferred income taxes (note 13)	36,366	16,628
Bank debt (note 9)	18,138	-
Lease obligations (note 11)	4,719	2,250
Other liabilities (note 5)	10,013	10,160
	69,236	29,038
Total liabilities	246,681	155,257
Equity:		
Capital stock (note 14)	-	-
Net parent investment	-	169,920
Contributed surplus	162,692	-
Accumulated other comprehensive income (loss)	(8,912)	3,229
Retained earnings (deficit)	-	-
	153,780	173,149
Subsequent events (note 25)		
Total liabilities and equity	\$ 400,461	\$ 328,406

See accompanying notes to the consolidated financial statements.

Lumine Group (Holdings) Inc.

Consolidated Statements of Income (Loss)

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

	Years ended December 31,	
	2022	2021
Revenue		
License	\$ 38,731	\$ 36,745
Professional services	49,771	49,836
Hardware and other	7,273	8,969
Maintenance and other recurring	159,970	132,806
	255,745	228,355
Expenses		
Staff	134,316	120,092
Hardware	4,617	5,166
Third party license, maintenance and professional services	11,040	10,344
Occupancy	2,936	2,102
Travel, telecommunications, supplies, software and equipment	11,610	8,002
Professional fees	12,289	3,203
Other, net	6,334	10,484
Depreciation (notes 6 and 7)	5,303	5,161
Amortization of intangible assets (note 8)	31,836	25,521
	220,281	190,076
Finance and other expenses (income) (note 15)	(414)	744
	(414)	744
Income (loss) before income taxes	35,878	37,536
Current income tax expense (recovery) (note 12)	15,742	10,829
Deferred income tax expense (recovery) (note 12)	(7,266)	(759)
Income tax expense (recovery)	8,476	10,070
Net income (loss)	\$ 27,402	\$ 27,466
Earnings per share (note 16):		
Basic	\$ 0.11	N/A
Diluted	\$ 0.11	N/A

See accompanying notes to the consolidated financial statements.

Lumine Group (Holdings) Inc.

Consolidated Statements of Comprehensive Income (Loss)

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

	Years ended December 31,	
	2022	2021
Net income (loss)	\$ 27,402	\$ 27,466
Items that are or may be reclassified subsequently to net income (loss):		
Foreign currency translation differences from foreign operations and other	(12,141)	(2,410)
Other comprehensive (loss) income for the year, net of income tax	(12,141)	(2,410)
Total comprehensive income (loss) for the year	\$ 15,261	\$ 25,056

See accompanying notes to the consolidated financial statements.

Lumine Group (Holdings) Inc.

Consolidated Statement of Changes in Equity

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

Year ended December 31, 2022	Capital stock	Contributed surplus	Accumulated other comprehensive (loss) income	Retained earnings (deficit)	Net parent investment	Total equity
Balance at January 1, 2022	-	-	3,229	-	169,920	173,149
<i>Total comprehensive income (loss) for the year:</i>						
Net income (loss)					27,402	27,402
<i>Other comprehensive income (loss):</i>						
Foreign currency translation differences from foreign operations and other			(12,141)			(12,141)
Total other comprehensive income (loss) for the year	-	-	(12,141)	-	27,402	15,261
Total comprehensive income (loss) for the year	-	-	(12,141)	-	27,402	15,261
Transactions with Parent, recorded directly in equity (note 24(a))						
Capital contributions by Parent					76,400	76,400
Dividends to Parent					(111,030)	(111,030)
Acquisition of Lumine Portfolio entities (note 2(b))		162,692			(162,692)	-
Balance at December 31, 2022	-	162,692	(8,912)	-	-	153,780

See accompanying notes to the consolidated financial statements.

Lumine Group (Holdings) Inc.

Consolidated Statement of Changes in Equity

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

Year ended December 31, 2021	Contributed surplus	Accumulated other comprehensive (loss) income	Retained earnings (deficit)	Net parent investment	Total equity
Balance at January 1, 2021	-	5,639	-	141,472	147,111
<i>Total comprehensive income (loss) for the year:</i>					
Net income (loss)				27,466	27,466
<i>Other comprehensive income (loss):</i>					
Foreign currency translation differences from foreign operations and other		(2,410)			(2,410)
Total other comprehensive income (loss) for the year	-	(2,410)	-	27,466	25,056
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	-	3,229	-	169,920	173,149

See accompanying notes to the consolidated financial statements.

Lumine Group (Holdings) Inc.

Consolidated Statements of Cash Flows

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

	Years ended December 31,	
	2022	2021
Cash flows from (used in) operating activities:		
Net income (loss)	27,402	27,466
Adjustments for:		
Depreciation	5,303	5,161
Amortization of intangible assets	31,836	25,521
Contingent consideration adjustments (note 18)	(2,130)	3,983
Finance and other expenses (income)	(414)	744
Income tax expense (recovery)	8,476	10,070
Change in non-cash operating assets and liabilities exclusive of effects of business combinations (note 23)	(26,755)	17,265
Income taxes (paid) received	(9,093)	(4,182)
Net cash flows from (used in) operating activities	34,625	86,027
Cash flows from (used in) financing activities:		
Interest paid on lease obligations (note 11)	(204)	(153)
Interest paid on bank debt	(192)	-
Cash transferred from (to) Parent (note 24)	104,871	(80,030)
Cash obtained with businesses acquired by Parent (note 24)	-	3,217
Proceeds from issuance of bank debt (note 9)	19,666	-
Repayments of bank debt (note 9)	(244)	-
Transaction costs on bank debt (note 9)	(316)	-
Payments of lease obligations (note 11)	(2,781)	(2,669)
Net cash flows from (used in) in financing activities	120,800	(79,635)
Cash flows from (used in) investing activities:		
Acquisition of businesses (note 4)	(113,186)	(15,926)
Cash obtained with acquired businesses (note 4)	5,295	2,917
Post-acquisition settlement payments, net of receipts	(6,669)	(470)
Property and equipment purchased	(783)	(700)
Net cash flows from (used in) investing activities	(115,343)	(14,179)
Effect of foreign currency on cash and cash equivalents	(107)	(247)
Increase (decrease) in cash	39,975	(8,034)
Cash, beginning of period	27,110	35,144
Cash, end of period	67,085	27,110

See accompanying notes to the consolidated financial statements.

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

Notes to the consolidated financial statements

1. Reporting entity
2. Basis of presentation
3. Significant accounting policies
4. Business acquisitions
5. Other assets and liabilities
6. Property and equipment
7. Right-of-use assets
8. Intangible assets and goodwill
9. Bank debt
10. Provisions
11. Lease obligations
12. Income taxes
13. Deferred tax assets and liabilities
14. Capital and other components of equity
15. Finance costs and other expenses (income)
16. Earnings per share
17. Capital risk management
18. Financial risk management and financial instruments
19. Revenue
20. Operating segments
21. Contingencies
22. Guarantees
23. Changes in non-cash operating working capital
24. Related parties
25. Subsequent events

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

1. Reporting entity

Lumine Group (Holdings) Inc. (“Lumine”) was incorporated under the Company Corporations Act (Ontario) on July 16, 2021. The address of its registered office is 5060 Spectrum Way, Suite 100, Mississauga, Ontario, Canada.

The consolidated financial statements of Lumine as at and for the year ended December 31, 2022 and December 31, 2021 comprise of Lumine and its business subsidiaries (the “Lumine Portfolio”, together with Lumine, referred to as the “Company”). Lumine Portfolio is a global portfolio of 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).

On December 31, 2022, CSI completed a corporate reorganization (the “Combination”) pursuant to which Lumine had acquired a controlling interest in all of the entities that comprise the Lumine Portfolio.

The Company is engaged principally in the development, installation and customization of software and in the provision of related professional services and support for customers globally.

2. Basis of preparation

(a) Statement of compliance

These consolidated 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 March 15, 2023, the date the Board of Directors approved such financial statements.

(b) Basis of measurement

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

Common control transaction

As part of the Combination, Lumine completed a series of steps to acquire a 100% ownership interest in each of the Lumine Portfolio entities from CSI in exchange for common shares of the Company. The Combination was completed on December 31, 2022.

Lumine’s acquisitions of the Lumine Portfolio entities reflect business combinations involving entities under common control in which all of the combining entities are ultimately controlled by CSI, both before and after the reorganization transactions were completed. Business combinations involving entities under common control are outside the scope of IFRS 3, *Business Combinations*. The Company accounted for these common control transactions using book value accounting, based on the book values recognized in the financial statements of the underlying entities immediately prior to the acquisitions. This election results in the financial statements being restated for periods prior to the date of the completion of the corporate reorganization to reflect the Combination as if it had occurred from the beginning of the period that the entities were under common control, regardless of the actual date the common control transactions closed.

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

(i) Total net parent investment

The comparative financial statements for 2021 have been prepared on a combined basis. Accordingly, it is not meaningful to show share capital. Therefore, amounts which reflect the carrying value of investments in the combined entities are disclosed as "Total net parent investment". Since the Company did not legally own the Lumine Portfolio entities during 2021, the combined entities have no historical capital structure. Consequently, earnings per share as required by IAS 33 Earnings per share has not been presented for 2021. The amounts reflected in dividends in the consolidated statements of changes in equity refer to dividends or distributions declared to and settled with Parent.

(ii) Contributed surplus

Pursuant to share purchase agreements between the Company and CSI, and in connection with the Combination, Lumine acquired a 100% ownership interest in the Lumine Portfolio entities based on the value of total net parent investment of \$162,692. A contributed surplus of \$162,692 is recorded to reflect the carrying value of the net assets acquired upon completion of the corporate reorganization since Lumine and Lumine Portfolio entities were all related under the common control of CSI at the time of the acquisition.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

Note 3(j) - Revenue recognition

Note 3(a)(i) - Business combinations

Note 3(m) - Income taxes

Note 3(h) - Impairment

Note 3(d) - Intangible assets

Note 21 - Contingencies

Critical judgements that the Company has made in the process of applying accounting policies disclosed herein and that have a significant effect on the amounts recognized in the consolidated financial statements relate to the (i) determination of functional currencies for the Company's subsidiaries and, most notably, in respect of businesses acquired during the period; (ii) assessment as to whether professional services in multiple-performance obligation arrangements are distinct of other performance

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

obligations and determination of the estimated hours to complete customer contracts accounted for using the percentage of completion method; (iii) recognition of deferred tax assets; and (iv) contingent consideration liabilities.

- Functional currency of each business unit – the Company applies judgement in situations where primary and secondary indicators are mixed. Primary indicators such as the currency that mainly influences sales prices are given priority before considering secondary indicators.
- Revenue Recognition - the Company uses significant judgment to assess whether professional services sold in a customer contract are considered distinct and should be accounted for as separate performance obligations. Non-distinct professional services are combined with other goods or services until they are distinct and form a single performance obligation. The Company also applies significant judgment to determine the estimated hours to completion which affects the timing of revenue recognized for professional services and non-distinct license and hardware. Estimated hours to completion are continually and routinely revised based on changes in the progress of customer contracts.
- Deferred tax assets - the recognition of deferred tax assets is based on forecasts of future taxable profit. The measurement of future taxable profit for the purposes of determining whether or not to recognize deferred tax assets depends on many factors, including the Company's ability to generate such profits and the implementation of effective tax planning strategies. The occurrence or non-occurrence of such events in the future may lead to significant changes in the measurement of deferred tax assets.
- Contingent consideration liabilities - contingent consideration liabilities are initially recorded on the date of a business combination and are payable on the achievement of certain financial targets in the post-acquisition periods. The obligation for contingent consideration is recorded at its estimated fair value at the various acquisition dates and is recorded at fair value at the end of each reporting period. The estimated fair value of the applicable contingent consideration is calculated using the estimated financial outcome and resulting expected contingent consideration to be paid and inclusion of a discount rate as appropriate.

3. Significant accounting policies

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

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

(a) Basis of consolidation

(i) Business combinations

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

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

immediately in the consolidated statements of income. Transaction costs that the Company incurs in connection with a business combination are expensed as incurred.

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

(ii) Consolidation methods

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

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Investments in associates are recognized initially at cost, inclusive of transaction costs. The Company's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Company's share of the income and expenses and equity changes of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases.

(iii) Transactions eliminated on consolidation

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

(b) Foreign currency translation

(i) Foreign currency transactions

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

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

(ii) Foreign operations

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

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

(c) Financial Instruments

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

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

Financial liabilities include accounts payable and accrued liabilities, income taxes payable, acquisition holdback payables and contingent consideration liabilities, and bank debt. Financial liabilities are generally recognized initially at fair value, typically being transaction price plus any directly attributable transaction costs, and subsequently measured at amortized cost using the effective interest method, except for financial liabilities carried at fair value, including contingent consideration. The Company 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 Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company'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 consolidated statements of income, except for those that meet the conditions for hedge accounting. At December 31, 2022, the Company had no outstanding derivatives. At December 31, 2021, the Company had one outstanding derivative which was recorded as a liability in other liabilities in the statement of financial position. The Company did not have any defined hedges for accounting purposes.

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

(d) Intangible assets

(i) Acquired intangible assets

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

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

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

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

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

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

Technology assets	3 to 8 years
Customer assets	2 to 11 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.

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

(ii) Impairment

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

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

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

(iii) Research and development

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

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

For the year ended December 31, 2022, \$35,453 (2021 – \$31,923) of research and development costs have been expensed in profit or loss. These costs are net of estimated investment tax credits, recognized as part of other, net expenses through profit or loss of \$2,863 for the year ended December 31, 2022 (2021 – \$1,497).

(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

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

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.

(h) 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 Company on terms that the Company would not consider otherwise, or indications that a debtor or issuer will enter bankruptcy.

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

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

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

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets (which are addressed in note 3(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 Company uses discounted cash flows which are determined using a pre-tax discount rate specific to the asset or CGU. The discount rate used reflects current market conditions including risks specific to the assets. Significant estimates within the cash flows include recurring revenue growth rates and operating expenses. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets, which for the Company's purposes is typically representative of the business unit level within the corporate and management structure. For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination.

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

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

(i) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the estimated future cash flows required to

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

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.

(j) Revenue recognition

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

(i) Contracts with multiple products or services

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

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

(ii) Nature of products and services

The Company sells on-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 Company's contracts with customers contain provisions that require the customer to renew optional support and maintenance in order to maintain the active right to use a perpetual or term license. The renewal payments after the initial bundled support and maintenance term in these cases apply to both the continued right to use the license and the support and maintenance renewal. Where the fees payable for the initial term are incremental to the fees for the renewal terms, the excess is treated as a prepayment for expected renewals 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-

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

of-completion method based on labour hours requires the Company to make significant judgments to determine the estimated hours to completion which affects the timing of revenue recognized.

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

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

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

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

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

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

(k) Costs to obtain a contract

The Company allocates incremental costs to obtain a contract (which principally consists of commissions) to the various performance obligations to which they relate using the expected-based allocation (relative expected margins) for bundled costs. For those performance obligations that are expected to be renewed at the end of the initial period without a further commission (such as post-contract customer support), the Company has considered expected renewals over the life of the intellectual property when determining the expected margins from the arrangement. For performance obligations not delivered upfront, the allocated commissions are deferred and amortized over the pattern of transfer of the related performance obligation. For commissions allocated to term-based license arrangements and post-contract customer support, the

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

amortization period is expected to be approximately 4-6 years. Capitalized costs to obtain a contract are included in other non-current assets on the consolidated statement of financial position.

(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 Company intends to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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

(n) Investment tax credits

The Company is entitled to both non-refundable and refundable investment tax credits for qualifying research and development ("R&D") activities. Investment tax credits are included within "Other, net" in the consolidated statement of income for items of a period expense nature or as a reduction of property and equipment for items of a capital nature when the amount is reliably estimable and the Company has

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

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

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

(p) Earnings per share

The Company presents basic and diluted earnings per share data for its ordinary shares, being common shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for treasury shares held. Diluted earnings per share is determined by dividing the profit or loss attributable to shareholders of ordinary shares by the weighted average number of shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

(q) Short-term employee benefits

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

(r) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method, as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset can be periodically reduced by

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

4. Business acquisitions

(a) Acquisition of Morse Holdings Inc.

On June 13, 2022, the Company acquired 100% of the shares of Morse Holdings Inc. ("Morse") for cash consideration of \$79,845 on closing plus 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 include both maximum, or capped, and unlimited contingent consideration amounts, the estimated change to the cash consideration is expected to be nil. The maximum contingent consideration amount cannot exceed \$5,000 as per the terms of the purchase agreement.

Morse is a software company catering to the communications and media market, which is a software business similar to existing businesses operated by the Company. The acquisition has been accounted for using the acquisition method with the results of operations included in the consolidated statements of income for the year ended December 31, 2022 from the date of the acquisition.

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

The gross contractual amounts of acquired receivables was \$13,063; however, the Company has recorded an allowance of \$4,408 as part of the acquisition accounting to reflect contractual cash flows that are not expected to be collected.

The accounting for the acquisition of Morse is preliminary as the Company finalizes the fair value assessment of its net assets and measurement of assumed liabilities. The accounting will be finalized by the second quarter of 2023.

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

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

Cash	\$	2,871
Accounts receivable		8,655
Other current assets		7,923
Property and equipment		2,285
Right-of-use assets		1,645
Other non-current assets		3,886
Technology assets		57,041
Customer assets		47,754
	\$	132,059
Current liabilities	\$	15,275
Deferred revenue		11,132
Lease obligations		3,147
Deferred income tax liabilities		21,006
Other non-current liabilities		3,683
	\$	54,243
Goodwill		5,327
Total Consideration	\$	83,143

The acquisition of Morse contributed revenue of \$21,721 and net loss of (\$5,219) during the year ended December 31, 2022.

(b) Acquisition of WizTivi SAS

On December 12, 2022, the Company acquired 100% of the shares of WizTivi SAS (“WizTivi”) for 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. 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 include both maximum, or capped, and unlimited contingent consideration amounts, the estimated change to the cash consideration is expected to be nil. 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 Company. The acquisition has been accounted for using the acquisition method with the results of operations included in the consolidated statements of income for the year ended December 31, 2022 from the date of the acquisition.

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

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

The gross contractual amounts of acquired receivables was \$3,886; however, the Company 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 accounting for the acquisition of WizTivi is preliminary as the Company finalizes the fair value assessment of its net assets and measurement of assumed liabilities. The accounting will be finalized by the fourth quarter of 2023.

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
Right-of-use assets		797
Other non-current assets		-
Technology assets		19,481
Customer assets		21,019
	\$	49,143
Current liabilities	\$	3,763
Deferred revenue		280
Lease obligations		797
Deferred income tax liabilities		9,917
Other non-current liabilities		103
	\$	14,860
Goodwill		2,128
Total Consideration	\$	36,411

The acquisition of WizTivi contributed revenue of \$1,006 and net loss of (\$208) during the year ended December 31, 2022.

If the acquisitions of Morse and WizTivi occurred on January 1, 2022, the Company estimates that pro-forma consolidated revenue and pro-forma consolidated net income would have been \$298,585 and \$23,553 compared to the actual amounts reported in the consolidated statement of income for the year ended December 31, 2022. In determining these amounts, the Company has assumed that the fair values of the net assets acquired that were estimated and accounted for on the dates of acquisition would have been the same as if the acquisitions had occurred on January 1, 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.

(c) Year ended December 31, 2021

During the year ended December 31, 2021, the Company 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

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

consideration is payable on the achievement of certain financial targets in the post-acquisition 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 \$384.

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, 2021 include software companies catering to the communications and media market, all of which are software businesses similar to existing businesses operated by the Company. The acquisitions have been accounted for using the acquisition method with the results of operations included in these Consolidated financial statements from the date of each acquisition.

The gross contractual amounts of acquired receivables was \$4,608.

During the year ended December 31, 2022, the Company 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 \$8. The impact of these provisional changes to the purchase price allocation did not have a significant impact on the consolidated 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:

		<u>2021</u>
Cash	\$	2,917
Accounts receivable		4,608
Other current assets		671
Property and equipment		444
Other non-current assets		834
Technology assets		7,917
Customer assets		10,656
	\$	28,045
Current liabilities	\$	1,027
Deferred revenue		1,981
Deferred income tax liabilities		4,612
Other non-current liabilities		618
	\$	8,238
Total Consideration	\$	19,807

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

5. Other assets and liabilities

(a) Other assets

	December 31, 2022	December 31, 2021
Prepaid expenses and other current assets	\$ 13,949	\$ 10,167
Sales tax receivable	2,973	1,768
Investment tax credits recoverable	2,246	1,675
Costs to obtain a contract	892	-
Other receivables	2,908	3,069
Total other current assets	\$ 22,967	\$ 16,679
Investment tax credits recoverable	\$ 3,050	\$ 3,788
Costs to obtain a contract	910	1,805
Non-current trade and other receivables and other assets	4,533	1,192
Total other non-current assets	\$ 8,492	\$ 6,785

(b) Other liabilities

	December 31, 2022	December 31, 2021
Contingent consideration (note 18)	\$ 293	\$ 1,847
Deferred revenue (note 19)	1,684	1,793
Provisions (note 10)	7,893	6,486
Other non-current liabilities	142	34
Total other non-current liabilities	\$ 10,013	\$ 10,160

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

6. Property and equipment

	Computer hardware	Computer software	Furniture, equipment and vehicles	Leasehold improvements	Total
Cost					
Balance at January 1, 2021	\$ 9,156	\$ 283	\$ 585	\$ 1,448	\$ 11,472
Additions	587	22	2	90	701
Acquisitions through business combinations and transfer from Parent (notes 4 and 24)	585	8	148	56	797
Disposals / retirements / reclassifications / other	(232)	(55)	(50)	(42)	(379)
Balance at December 31, 2021	\$ 10,095	\$ 257	\$ 685	\$ 1,551	\$ 12,591
Balance at January 1, 2022	\$ 10,096	\$ 258	\$ 685	\$ 1,552	\$ 12,591
Additions	733	18	25	7	783
Acquisitions through business combinations (note 4)	1,841	344	436	148	2,769
Disposals / retirements / reclassifications / other	(1,246)	(41)	(333)	(275)	(1,895)
Balance at December 31, 2022	\$ 11,424	\$ 579	\$ 813	\$ 1,432	\$ 14,248
Depreciation and impairment losses					
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
Balance at January 1, 2022	\$ 8,260	\$ 201	\$ 501	\$ 1,109	\$ 10,071
Depreciation charge for the year	1,716	426	162	481	2,785
Disposals / retirements / reclassifications / other	(1,144)	(37)	(296)	(269)	(1,746)
Balance at December 31, 2022	\$ 8,832	\$ 590	\$ 367	\$ 1,321	\$ 11,110
Carrying amounts:					
At January 1, 2021	\$ 2,465	\$ 93	\$ 163	\$ 790	\$ 3,511
At December 31, 2021	\$ 1,835	\$ 56	\$ 184	\$ 442	\$ 2,517
At January 1, 2022	\$ 1,835	\$ 56	\$ 184	\$ 442	\$ 2,517
At December 31, 2022	\$ 2,592	\$ (11)	\$ 446	\$ 111	\$ 3,138

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

7. Right-of-use assets

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

	Computer hardware	Vehicles	Building	Furniture, Equipment & Other	Total
Cost					
Balance at January 1, 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 24)	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
Balance at January 1, 2022	\$ 1,652	\$ 288	\$ 8,372	\$ 51	\$ 10,363
Additions	-	25	1,517	6	1,548
Acquisitions through business combinations (note 4)	-	149	2,276	17	2,442
Disposals / retirements / reclassifications / other	(533)	(75)	(1,421)	608	(1,421)
Effect of movements in foreign exchange and other	(119)	(12)	(720)	(12)	(863)
Balance at December 31, 2022	\$ 1,000	\$ 374	\$ 10,025	\$ 670	\$ 12,069
Depreciation and impairment losses					
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
Balance at January 1, 2022	\$ 1,085	\$ 128	\$ 4,611	\$ 35	\$ 5,860
Depreciation charge for the year	97	87	2,313	22	2,519
Disposals / retirements / reclassifications / other	(82)	(32)	(1,153)	80	(1,187)
Effect of movements in foreign exchange and other	(115)	(5)	(348)	(5)	(472)
Balance at December 31, 2022	\$ 985	\$ 179	\$ 5,423	\$ 132	\$ 6,719
Carrying amounts:					
At January 1, 2021	\$ 121	\$ 117	\$ 4,438	\$ 20	\$ 4,697
At December 31, 2021	\$ 567	\$ 160	\$ 3,761	\$ 16	\$ 4,504
At January 1, 2022	\$ 567	\$ 160	\$ 3,761	\$ 16	\$ 4,504
At December 31, 2022	\$ 14	\$ 196	\$ 4,601	\$ 538	\$ 5,349

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

8. Intangible assets and goodwill

	Technology Assets	Customer Assets	Goodwill	Total
Cost				
Balance at January 1, 2021	\$ 89,230	\$ 50,995	\$ -	\$ 140,225
Acquisitions through business combinations and transfer from Parent (notes 4 and 24)	19,992	20,832	-	40,824
Adjustments to purchase price allocations for prior period business combinations	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	\$ -	\$ 178,634
Balance at January 1, 2022	\$ 108,177	\$ 70,459	\$ -	\$ 178,635
Acquisitions through business combinations (note 4)	76,522	68,773	7,455	152,749
Adjustments to purchase price allocations and transfers from Parent for prior period business combinations (notes 4 and 24)	-	(203)	-	(203)
Effect of movements in foreign exchange and other	(7,770)	(4,428)	23	(12,175)
Balance at December 31, 2022	\$ 176,928	\$ 134,600	\$ 7,478	\$ 319,007
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 and other	(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	20,244	11,592	-	31,836
Effect of movements in foreign exchange and other	(3,623)	(1,390)	-	(5,013)
Balance at December 31, 2022	\$ 73,052	\$ 29,158	\$ -	\$ 102,210
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 December 31, 2022	\$ 103,876	\$ 105,442	\$ 7,478	\$ 216,797

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

9. Bank debt

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, of which \$19,666 was drawn during the year ended December 31, 2022. The financing also comes with a revolving credit facility of \$2,500. Covenants and guarantees associated with this loan are monitored and reported based on the financial position and financial performance of the acquired business. The covenants include a leverage ratio and an interest coverage ratio. As of December 31, 2022, the Company is in compliance with its debt covenants. The bank debt has a maturity date of October 31, 2026. The term loan bears an interest rate of SOFR plus applicable spreads ranging from 1.85% to 3.85%, based on the leverage ratio. The revolving facility bears an interest rate of Prime plus applicable spreads ranging from 0.50% to 2.50%. The Company does not guarantee the debt of these subsidiaries, nor are there any cross-guarantees between subsidiaries. The bank debt is collateralized by substantially all of the assets of Telarix Inc., a subsidiary of Morse, and its subsidiaries.

	Maturity	Principal Amount	Interest Rate	December 31, 2022	December 31, 2021
Term loan	2026	19,666	SOFR+1.85%	\$ 19,422	\$ -
Revolving facility	2026	2,500	Prime+0.50%	-	-
				19,422	-
Deferred transaction costs				(309)	-
Less current portion				(975)	-
Total long-term debt				18,138	-

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

2023	975
2024	975
2025	975
2026	16,188
\$	19,113

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

10. Provisions

At January 1, 2022	\$	6,514
Reversal		(319)
Provisions recorded during the period		3,640
Provisions used during the period		(1,729)
Effect of movements in foreign exchange and other		(191)
At December 31, 2022	\$	7,915
Provisions classified as current liabilities	\$	22
Provisions classified as other non-current liabilities	\$	7,893

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

11. 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, 2022 and December 31, 2021, respectively.

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

At January 1, 2021	\$	4,807
Additions		990
Acquisitions through business combinations and transfer from Parent (notes 4 and 24)		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

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

The following table presents the expected maturity of the undiscounted cash flows for lease obligations as at December 31, 2022:

	December 31, 2022	
Less than 1 year	\$	2,373
Between 1 and 5 years		5,168
More than 5 years		34
Total	\$	7,575
Less: Impact of discounting		(788)
Leases obligation recorded on balance sheet	\$	6,787

The expense relating to variable lease payments not included in the measurement of lease obligations was \$172 (2021 – \$84). This consists primarily of variable lease payments for property taxes. Expenses relating to short-term leases were \$131 (2021 – \$388), expenses relating to leases of low value assets were \$4 (2021 – nil) and sublease income was \$3 (2021 – \$9). Total cash outflow for leases was \$2,985 (2021 – \$2,822).

12. Income taxes

(a) Tax recognized in profit or loss

	2022	2021
Income tax recognized in profit or loss		
Current income tax expense (recovery)		
Current year	14,913	10,488
Adjustment for prior years	829	342
	15,742	10,829
Deferred income tax expense (recovery)		
Origination and reversal of temporary differences	(5,915)	(1,855)
Effect of change in future tax rates	(660)	2,618
Change in recognized temporary differences and unrecognized tax losses	(1,020)	(707)
Adjustment for prior years	329	(815)
	(7,266)	(759)
Income tax expense (recovery)	8,476	10,070

(b) Reconciliation of effective tax rate

	2022	2021
Net income for the year	27,401	27,466
Income tax expense	8,476	10,070
Income before income taxes	35,878	37,536

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

Income tax expense using the Company' statutory tax rate of 26.5% (2021 – 26.5%)	9,508	9,947
Impact on taxes from:		
Foreign tax rate differential	(791)	(1,307)
Other, including non-deductible expenses and non-taxable income	281	(8)
Change in recognized temporary differences and unrecognized tax losses	(1,020)	(707)
Effect of change in future tax rates	(660)	2,618
Adjustment for prior years	1,158	(473)
	8,476	10,070

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

13. Deferred tax assets and liabilities

(a) Unrecognized deferred tax liabilities

The aggregate amount of temporary differences associated with investments in business units for which the Company has not recognized deferred tax liabilities is \$60,020 (2021 - \$79,040) as the Company ultimately controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future. The temporary differences relate to undistributed earnings of the business units of the Company. Dividends declared would be subject to withholding tax in the range of 0-15% depending on the jurisdiction of the business unit.

(b) Unrecognized deferred tax assets

	2022	2021
Deductible temporary differences, including capital losses	2,006	4,312
Non-capital tax losses	95,613	101,191

Non-capital tax losses of \$2,216 expire between 2023 and 2042, and \$93,397 can be carried forward indefinitely. The deductible temporary differences and capital losses do not expire under current tax legislation. Deferred tax assets have not been recognized in respect of those items because it is not probable that future taxable profit will be available in those jurisdictions against which the Company can utilize these benefits.

(c) Recognized deferred tax assets and liabilities

	Assets		Liabilities		Net	
	December 31,		December 31,		December 31,	
	2022	2021	2022	2021	2022	2021
Property and equipment	2,069	1,526	(134)	(65)	1,935	1,461
Intangible assets	2,498	2,268	(46,645)	(22,286)	(44,147)	(20,018)
Reserves	1,377	667	-	(1)	1,376	666

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

Non-capital loss carryforwards	7,606	5,708	-	-	7,605	5,708
Scientific research and experimental development expenditure pool	1,555	-	-	-	1,555	-
Deferred revenue	15	1	-	-	15	1
Foreign and other tax credits	-	-	(525)	(759)	(525)	(759)
Other, including capital losses, withholding tax and foreign exchange	584	(88)	(1,834)	(20)	(1,249)	(108)
Tax assets (liabilities)	15,704	10,082	(49,138)	(23,130)	(33,437)	(13,048)
Reclassification	(12,772)	(6,502)	12,772	6,502	-	-
Net tax assets (liabilities)	2,931	3,580	(36,366)	(16,627)	(33,437)	(13,048)

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, 2022	Recognized in profit or loss	Acquired in business combinations (note 4)	Other	Balance December 31, 2022
Property and equipment	1,461	268	206	-	1,935
Intangible assets	(20,018)	4,795	(29,731)	806	(44,147)
Reserves	666	235	475	-	1,376
Non-capital loss carryforwards	5,708	(954)	2,851	-	7,605
Scientific research and experimental development expenditure pool	-	1,555	-	-	1,555
Deferred revenue	1	11	3	-	14
Tax credits	(759)	234	-	-	(525)
Other, including capital losses, withholding tax and foreign exchange	(107)	1,122	(4,727)	2,462	(1,250)
	(13,048)	7,266	(30,922)	3,268	(33,437)

	Balance January 1, 2021	Recognized in profit or loss	Acquired in business combinations and transfer from Parent (notes 4 and 24)	Other	Balance December 31, 2022
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
Scientific research and experimental development expenditure pool	-	-	-	-	-
Deferred revenue	322	(321)	-	-	1
Tax credits	(907)	149	-	-	(759)
Other, including capital losses, withholding tax and foreign exchange	(45)	(184)	-	122	(107)
	(7,720)	759	(6,162)	77	(13,048)

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

14. Capital and other components of equity

(a) Capital stock

The Company is authorized to issue an unlimited number of common shares.

On December 31, 2022, CSI the Combination pursuant to which Lumine acquired a controlling interest in all of the entities that comprise the Lumine Portfolio from CSI in exchange for common shares of Lumine.

	Common Shares	
	Number	Amount
At January 1, 2021	-	\$ -
Issuance of shares on incorporation	100	\$ -
At December 31, 2021	100	\$ -
Issuance of shares for the Combination	250,665,041	-
At December 31, 2022	250,665,141	\$ -

(b) Accumulated other comprehensive income (loss)

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

Cumulative translation account

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

15. Finance costs and other expenses (income)

	Years ended December 31,	
	2022	2021
Interest expense on contingent consideration	\$ 178	\$ 583
Interest expense on bank debt	199	-
Interest expense on lease obligations	204	153
Foreign exchange loss (gain)	(1,941)	(277)
Other expenses (income)	946	285
Finance and other expenses (income)	\$ (414)	\$ 744

16. Earnings per share

(a) Basic and diluted earnings per share

	Year ended
	December 31, 2022

Numerator:

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

Net income (loss) attributable to shareholders of Lumine	\$	27,402
Denominator:		
Basic and diluted shares outstanding		250,665,141
Earnings per share:		
Basic and diluted	\$	0.11

The number of basic and diluted shares outstanding represents the shares issued as part of the Combination completed on December 31, 2022. Based on the election described in note 2(b), the disclosures have been restated for the year ended December 31, 2022, to reflect the Combination as if it had occurred from the beginning of the period.

17. Capital risk management

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

The Company is subject to certain covenants on bank debt. The covenants include a leverage ratio and an interest coverage ratio. The Company monitors the ratios on a quarterly basis. As at December 31, 2022, the Company is in compliance with its debt covenants. Other than the covenants required for the bank debt, the Company is not subject to any externally imposed capital requirements.

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

18. Financial risk management and financial instruments

(i) Overview

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

(ii) Market risk

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

The Company operates internationally, giving rise to exposure to market risks from changes in foreign exchange rates which impact sales and purchases that are denominated in a currency other than the respective functional currencies of certain of its subsidiaries. Most of the Company's business units are

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

organized geographically so that many of its expenses are incurred in the same currency as its revenues thus mitigating some of its exposure to currency fluctuations.

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

The Company is also exposed to interest rate risk on the utilized portion of bank debt. If there was a 1% increase in the interest rate on utilized portion of the bank debt, there would be a corresponding decrease in income before tax of \$191. There would be an equal and opposite impact if there was a 1% decrease in the interest rate.

(iii) Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost. The Company manages liquidity risk through the management of its capital structure, as outlined in note 16 to the consolidated financial statements. The Company's growth is financed through a combination of cash flows from operations and business acquisitions. One of the Company's primary goals is to maintain an optimal level of liquidity through the active management of its assets and liabilities as well as its cash flows from operations.

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

Given the Company's available liquid resources as compared to the timing of the payments of liabilities, the Company assesses its liquidity risk to be low. The Company is expected to settle its due to related payable, net balance with the Parent over the next twelve months through cash flow generated from operations.

(iv) Credit risk

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

The majority of the accounts receivable balance relates to maintenance invoices to customers that have a history of payment. In addition, large proportion of the Company'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.

The aging of accounts receivables at the reporting date was:

	December 31, 2022	December 31, 2021
Current		
Gross	\$ 57,426	\$ 42,451
Impairment	(864)	-
Net	56,561	42,451

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

90-180 days			
Gross		6,826	1,883
Impairment		(822)	-
Net		6,005	1,883
More than 180 days			
Gross		5,021	1,241
Impairment		(3,909)	(466)
Net		1,112	775
Total accounts receivable			
Gross	\$	69,273	\$ 45,575
Impairment		(5,596)	(466)
Net		63,677	45,109

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

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

	2022	2021
Aggregate balance at January 1	\$ 466	\$ 668
Increase from business acquisitions and transfer from Parent (notes 4 and 24)	4,495	462
Impairment loss recognized	621	41
Impairment loss reversed	285	(76)
Amounts written off	(227)	(609)
Other movements	(45)	(20)
Aggregate balance at December 31	\$ 5,596	\$ 466

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

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

(v) Fair values versus carrying amounts

The carrying values of cash, accounts receivable, accounts payable and accrued liabilities (excluding contingent consideration), income taxes payable, acquisition holdbacks, and term loan, approximate their fair values due to the short-term nature of these instruments.

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

(vi) Fair value hierarchy

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

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

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

Financial assets and financial liabilities measured at fair value as at December 31, 2022 and December 31, 2021 in the financial statements are summarized below. The Company has no additional financial liabilities measured at fair value initially other than those recognized in connection with business combinations.

	December 31, 2022				December 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Liabilities:								
Bank debt	\$ -	\$19,113	\$ -	\$ 19,113	\$ -	\$ -	\$ -	\$ -
Contingent Consideration	-	-	3,400	3,400	-	-	7,252	7,252
	\$ -	\$19,113	\$ 3,400	\$ 22,513	\$ -	\$ -	\$ 7,252	\$ 7,252

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, 2022 and 2021.

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.

(vii) Contingent Consideration

Balance at January 1, 2021	\$	8,678
Increase from business acquisitions and transfer from Parent (notes 4 and 24)		1,618
Settlements through cash payments and reductions in due from related parties (notes 2 and 24)		(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

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

Balance at January 1, 2022	\$	7,252
Increase from business acquisitions (notes 4)		3,298
Settlements through cash payments and reductions in due from related parties (notes 2 and 24)		(4,794)
Charges (recoveries) through profit or loss		(2,130)
Interest on contingent consideration liabilities		178
Foreign exchange and other movements		(405)
Balance at December 31, 2022	\$	3,400
Contingent consideration classified as current liabilities		3,106
Contingent consideration classified as other non-current liabilities		293

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

The obligations for contingent consideration for acquisitions during the years ended December 31, 2022 and December 31, 2021, including those transferred to the Company as described in Note 24 have been recorded at their estimated fair value at each reporting date. Aggregate contingent consideration of \$3,400 (December 31, 2021 – \$7,252) has been included in accounts payable and accrued liabilities and other liabilities in the consolidated 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 consolidated statements of income resulting in a gain of \$2,130 for the year ended December 31, 2022 (December 31, 2021 – an expense of \$3,983).

19. Revenue

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

(i) Unbilled Revenue:

	2022		2021	
Balance at January 1,	\$	7,219	\$	4,637
Increase from business acquisitions and transfer from Parent (notes 4 and 24)		4,015		1,539
Transfers to accounts receivable		(22,438)		(22,936)
Changes as a result of the measure of progress		20,781		24,149
Foreign exchange and other movements		388		(170)
Balance at December 31,	\$	9,965	\$	7,219
Unbilled revenue classified as a current asset	\$	9,965	\$	7,219

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

(ii) Deferred Revenue:

	2022	2021
Balance at January 1,	\$ 65,783	\$ 49,182
Increase from business acquisitions and transfer from Parent (notes 4 and 24)	11,413	5,077
Decrease from revenue recognized that was included in the deferred revenue balance at the beginning of the period	(58,311)	(39,714)
Decrease from revenue recognized that arose from acquired deferred revenue balances in the current year	(10,866)	(8,018)
Increase due to cash received, excluding amounts recognized as revenue during the period	60,202	60,448
Foreign exchange and other movements	(4,088)	(1,192)
Balance at December 31,	\$ 64,133	\$ 65,783
Deferred revenue classified as a current liability	62,449	63,991
Deferred revenue classified as an other non-current liability	1,684	1,793

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 \$155,000 as of December 31, 2022, of which the Company expects to recognize an estimated 79% of the revenue over the next 12 months and the remainder thereafter.

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

The Company has capitalized and amortized incremental commission costs on a systematic basis, consistent with the pattern of transfer of the good(s) or service(s) to which the commission relates as the Company believes these costs are recoverable. The total capitalized commission costs as of December 31, 2022 is \$1,802 (December 31, 2021 – \$1,805). The amount of amortization expense for the year ended December 31, 2022 was \$763 (December 31, 2021 – \$767) and there was no impairment loss in relation to the costs capitalized.

20. Operating segments

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

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

(a) Geographical information

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

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

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, 2022	EMEA	Americas	APAC	Total
Revenue	\$ 165,860	\$ 75,355	\$ 14,530	\$ 255,745
Non-current assets	162,491	65,676	8,541	236,708

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

(b) Major customers

No customer represents revenue in excess of 5% of total revenue in both the years ended December 31, 2022 and 2021.

21. Contingencies

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

22. Guarantees

- (a) In the ordinary course of business the Company and its subsidiaries have provided performance bonds, letters of credit, and other guarantees for the completion of certain customer contracts and other contracts in the normal course of operations. As at December 31, 2022, the total obligations of the Company pursuant to such bonds and related contingencies total \$48 (December 31, 2021 - \$105). No liability has been recorded in the consolidated financial statements.
- (b) In the normal course of business, some of the Company's subsidiaries entered into lease agreements for facilities. As the joint lessees, the subsidiaries agree to indemnify the lessor for liabilities that may arise from the use of the leased facility. The maximum amount potentially payable under the foregoing indemnity cannot be reasonably estimated. The subsidiaries have liability insurance that relates to the indemnifications.

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

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

23. Changes in non-cash operating working capital

	Years ended December 31,	
	2022	2021
Decrease (increase) in current accounts receivable	(9,623)	7,876
Decrease (increase) in current unbilled revenue	1,528	(1,151)
Decrease (increase) in other current assets	(3,271)	1
Decrease (increase) in inventories	(19)	(28)
Decrease (increase) in other non-current assets	1,874	603
Increase (decrease) in other non-current liabilities	(2,111)	(11)
Increase (decrease) in current accounts payable and accrued liabilities, excluding holdbacks from acquisitions	(6,844)	(2,606)
Increase (decrease) in current deferred revenue	(8,283)	12,981
Increase (decrease) in current provisions	(6)	(401)
Change in non-cash operating working capital	(26,755)	17,264

24. Related parties

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

(a) Transactions with CSI

- (i) Due from related parties

The Company 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 Company's behalf. These transfers of excess cash to the Parent are recorded through transfers to the Parent on the consolidated 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 consolidated statement of financial position. At December 31, 2022, the Company had due from related parties of \$14,809 (December 31, 2021 - \$113,402) which reflects the cash transferred to the Parent for short-term funding and acquisitions completed on its behalf. As part of the Combination, a portion of the due from related parties balance carried forward from 2021 was settled through the declaration of dividends during 2022, as described in part (v) below.

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

(ii) Due to related parties

The Company pays management fees to CSI (included within “Other, net” expenses), reimburses CSI for certain expenses paid on behalf of the Company, and borrows funds from CSI from time to time to fund acquisitions. During the year, the Company expensed management fees of \$3,811 (December 31, 2021 – \$3,453). At December 31, 2022, the Company had outstanding amounts due to related parties of \$50,275 (December 31, 2021 - \$1,773) which reflects the amount owing to the Parent for management fees, the reimbursement of expenses paid on its behalf, and short-term borrowings related to the acquisition of Morse during 2022.

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 cash. The ending related party balance with the Parent was recorded as a net liability of \$35,466 within due to related parties, net (December 31, 2021 – net asset of \$111,629 within due from related parties, net).

(iii) Capital contributions

Parent makes cash capital contributions for certain acquisitions completed by the Company. During the year ended December 31, 2022, Parent made capital contributions of \$76,400 in relation to the acquisitions described in note 4.

(iv) Non-cash capital contributions

During the year ended December 31, 2021, there were certain acquisitions completed by the Parent that were transferred to the Company by the Parent immediately following the acquisition. Subsequent to the date of transfer, the Company’s financial position 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 consolidated 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 Company, recorded as a net increase in net Parent equity, and reductions to due from related parties, reflecting partial cash funding provided by the Company, in the consolidated statements of financial position.

During the year ended December 31, 2021, the Parent completed a number of acquisitions on the Company’s behalf (the “2021 transferred businesses”). The net assets of the 2021 transferred businesses of \$24,517 at the date of acquisition were transferred to Lumine as capital contributions of \$14,148 and a reduction in due from related parties of \$10,370. During the year ended December 31, 2022, the purchase price accounting for the 2021 transferred businesses was finalized, resulting in a decrease in holdback consideration of \$840 and a corresponding change in due from related parties.

The 2021 transferred businesses contributed the following to the consolidated statement of financial position at the date of the respective transfers:

		<u>2021</u>
Cash	\$	2,578
Accounts receivable		3,801
Other current assets		3,764
Property and equipment		352
Other non-current assets		1,041

Lumine Group (Holdings) Inc.

Notes to Consolidated Financial Statements

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

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

Years ended December 31, 2022 and 2021

Deferred income tax assets		175
Technology assets		12,076
Customer assets		9,973
	\$	33,760
Current liabilities	\$	4,697
Deferred revenue		3,116
Deferred income tax liabilities		1,528
Other non-current liabilities		742
	\$	10,083
Total Consideration	\$	23,677

The obligations for contingent consideration associated with the 2021 transferred businesses were also allocated to Lumine. During the year ended December 31, 2021, the Company 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. During the year ended December 31, 2022, the Company settled contingent consideration of \$848 by reducing due from related parties. Refer to note 18 for additional information.

(v) Dividends paid to the Parent

The Company periodically issues dividends to the Parent. When the Company declares a dividend, this is recorded as a reduction in net parent equity. During the year, the Company paid aggregate dividends to the Parent of \$111,030 (December 31, 2021 - \$13,165). 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 Company are the members of the Company's executive management team.

	Years ended December 31,	
	2022	2021
Salaries, bonus and employee benefits	\$ 3,167	\$ 5,184
Total	\$ 3,167	\$ 5,184

There were no significant post-employment benefits, other long-term benefits, or share-based payments attributed to the key management personnel in 2022 and 2021.

25. Subsequent events

On February 22, 2023, the Company completed an amalgamation with Lumine Group Inc., an indirect wholly-owned subsidiary of CSI, with the surviving entity being Lumine Group Inc.