Condensed consolidated interim financial statements
(In USD)

Lumine Group Inc.

For the three and nine months ended September 30, 2024 and 2023
Unaudited

Lumine Group Inc.

Condensed Consolidated Interim Statements of Financial Position
(In thousands of USD. Due to rounding, numbers presented may not foot.)

Unaudited

		September 30, 2024		December 31, 2023
Assets				
Current assets:				
Cash	$	180,357	$	146,509
Accounts receivable, net		142,741		104,955
Unbilled revenue, net		49,551		39,858
Inventories		521		521
Other assets (note 5)		40,727		44,862
		413,897		336,705
Non-current assets:				
Property and equipment		7,243		4,164
Right of use assets		7,716		11,973
Deferred income taxes		10,400		6,197
Other assets (note 5)		12,939		13,063
Intangible assets and goodwill (note 6)		826,041		763,793
		864,339		799,190
Total assets	$	1,278,236	$	1,135,895
Liabilities and Equity				
Current liabilities:				
Accounts payable and accrued liabilities	$	101,136	$	97,533
Due to related parties, net (note 17)		1,807		2,380
Current portion of bank debt (note 7)		2,248		3,071
Deferred revenue		86,890		91,726
Acquisition holdback payables		656		19
Lease obligations		5,128		6,358
Income taxes payable		12,978		12,436
Preferred and Special Securities (notes 8 and 14)		-		4,469,996
		210,843		4,683,519
Non-current liabilities:				
Deferred income taxes		109,985		124,659
Bank debt (note 7)		286,457		149,636
Lease obligations		3,583		6,921
Other liabilities (note 5)		7,767		13,127
		407,792		294,343
Total liabilities		618,635		4,977,862
Equity (note 11):				
Capital stock		490,669		-
Contributed surplus		185,142		(1,015,661)
Accumulated other comprehensive income (loss)		(3,814)		(6,296)
Retained earnings (deficit)		(12,396)		(2,820,010)
		659,601		(3,841,967)
Total liabilities and equity	$	1,278,236	$	1,135,895

See accompanying notes to the condensed consolidated interim financial statements.

Lumine Group Inc.

Condensed Consolidated Interim Statements of Income (Loss)
(In thousands of USD, except per share amounts. Due to rounding, numbers presented may not foot.)

Unaudited

	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Revenue				
License	$ 12,798	$ 11,247	$ 36,205	$ 32,990
Professional services	32,780	23,061	86,622	63,328
Hardware and other	6,589	5,651	11,332	14,987
Maintenance and other recurring	125,167	91,342	347,099	245,262
	177,334	131,301	481,258	356,567
Expenses				
Staff	89,929	61,871	250,662	181,775
Hardware	3,657	3,374	6,595	9,825
Third party license, maintenance and professional services	8,575	7,783	28,981	20,568
Occupancy	2,246	1,064	4,117	2,630
Travel, telecommunications, supplies, software and equipment	4,152	5,218	23,660	15,104
Professional fees	2,637	2,060	11,124	12,292
Other, net	3,011	2,754	7,467	5,443
Depreciation	2,473	2,120	6,925	5,825
Amortization of intangible assets (note 6)	29,616	21,351	81,648	57,668
	146,296	107,595	421,179	311,130
Redeemable Preferred and Special Securities expense (note 8)	-	194,817	317,362	1,346,020
Finance and other expenses (income), net (note 12)	8,898	3,703	18,868	9,960
	8,898	198,520	336,230	1,355,980
Income (loss) before income taxes	22,140	(174,814)	(276,151)	(1,310,543)
Current income tax expense (recovery)	13,572	12,651	31,127	30,813
Deferred income tax expense (recovery)	(9,710)	(8,815)	(18,982)	(22,042)
Income tax expense (recovery)	3,862	3,836	12,145	8,771
Net income (loss)	$ 18,278	$ (178,650)	$ (288,296)	$ (1,319,314)
Weighted average shares outstanding (note 13):				
Basic	256,620,389	74,040,058	199,991,663	71,967,707
Diluted	256,620,389	253,104,970	255,529,839	242,370,504
Earnings per share (note 13):				
Basic and diluted	$ 0.07	$ (2.41)	$ (1.44)	$ (18.33)

See accompanying notes to the condensed consolidated interim financial statements.

Lumine Group Inc.

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)
(In thousands of USD. Due to rounding, numbers presented may not foot.)

Unaudited

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Net income (loss)	$ 18,278	$ (178,650)	$ (288,296)	$ (1,319,314)
Items that are or may be reclassified subsequently to net income (loss):				
Foreign currency translation differences from foreign operations and other	7,082	(4,657)	2,482	(4,968)
Other comprehensive (loss) income for the year, net of income tax	7,082	(4,657)	2,482	(4,968)
Total comprehensive income (loss) for the year	$ 25,360	$ (183,307)	$ (285,814)	$ (1,324,282)

See accompanying notes to the condensed consolidated interim financial statements.

Lumine Group Inc.

Condensed Consolidated Interim Statement of Changes in Equity
(In thousands of USD. Due to rounding, numbers presented may not foot.)

Unaudited

Nine months ended September 30, 2024	Capital stock	Contributed surplus	Accumulated other comprehensive (loss) income	Retained earnings (deficit)	Total equity
Balance at January 1, 2024	**$ -**	**$ (1,015,661)**	**$ (6,296)**	**$ (2,820,010)**	**$ (3,841,967)**
Total comprehensive income (loss) for the period:					
Net income (loss)	-	-	-	(288,296)	(288,296)
Other comprehensive income (loss):					
Foreign currency translation differences from foreign operations and other	-	-	2,482	-	2,482
Total other comprehensive income (loss) for the period	**-**	**-**	**2,482**	**-**	**2,482**
Total comprehensive income (loss) for the period	**-**	**-**	**2,482**	**(288,296)**	**(285,814)**
Settlement of Preferred and Special Share Dividends in Subordinate Voting Shares (Notes 8 and 11)	87,368	-	-	-	87,368
Mandatory Conversion of Special and Preferred Shares (Notes 8 and 11)	403,301	1,200,803	-	3,095,910	4,700,014
Balance at September 30, 2024	**$ 490,669**	**$ 185,142**	**$ (3,814)**	**$ (12,396)**	**$ 659,601**

See accompanying notes to the condensed consolidated interim financial statements.

Lumine Group Inc.

Condensed Consolidated Interim Statement of Changes in Equity
(In thousands of USD. Due to rounding, numbers presented may not foot.)

Unaudited

Nine months ended September 30, 2023	Capital stock	Contributed surplus	Accumulated other comprehensive (loss) income	Retained earnings (deficit)	Total equity
Balance at January 1, 2023	**$ -**	**$ 162,692**	**$ (8,912)**	**$ -**	**$ 153,780**
Total comprehensive income (loss) for the period:					
Net income (loss)	-	-	-	(1,319,314)	(1,319,314)
Other comprehensive income (loss):					
Foreign currency translation differences from foreign operations and other	-	-	(4,968)	-	(4,968)
Total other comprehensive income (loss) for the period	**-**	**-**	**(4,968)**	**-**	**(4,968)**
Total comprehensive income (loss) for the period	**-**	**-**	**(4,968)**	**(1,319,314)**	**(1,324,282)**
Transactions with Parent, recorded directly in equity					
Capital contributions by Parent	-	22,451	-	-	22,451
Amalgamation with Lumine Group (Holdings) Inc.	-	(1,200,804)	-	-	(1,200,804)
Special Share conversion (note 14)	-	-	-	5,110	5,110
Balance at September 30, 2023	**$ -**	**$ (1,015,661)**	**$ (13,880)**	**$ (1,314,204)**	**$ (2,343,746)**

See accompanying notes to the condensed consolidated interim financial statements.

Lumine Group Inc.

Condensed Consolidated Interim Statements of Cash Flows
(In thousands of USD. Due to rounding, numbers presented may not foot.)

Unaudited

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Cash flows from (used in) operating activities:				
Net income (loss)	$ 18,278	$ (178,650)	$ (288,296)	$ (1,319,314)
Adjustments for:				
Depreciation	2,473	2,120	6,925	5,825
Amortization of intangible assets	29,616	21,351	81,648	57,668
Contingent consideration adjustments (note 14)	(1,357)	58	(399)	(2,420)
Preferred and Special Securities expense (income) (note 14)	-	194,817	317,362	1,346,020
Finance and other expenses (income)	8,898	3,703	18,868	9,960
Income tax expense (recovery)	3,862	3,836	12,145	8,771
Change in non-cash operating assets and liabilities exclusive of effects of business combinations (note 16)	(34,300)	5,822	(68,428)	(4,565)
Income taxes (paid) received	(8,641)	(8,565)	(15,957)	(20,077)
Net cash flows from (used in) operating activities	18,829	44,492	63,868	81,868
Cash flows from (used in) financing activities:				
Interest paid on lease obligations	(105)	(205)	(388)	(464)
Interest paid on bank debt	(5,702)	(2,823)	(13,304)	(6,414)
Cash transferred from (to) Parent	345	(2,121)	(1,645)	(13,957)
Proceeds from issuance of bank debt (note 7)	15,000	-	155,500	175,000
Repayments of bank debt (note 7)	(17,976)	(50,244)	(18,464)	(50,897)
Transaction costs on bank debt (note 7)	(25)	-	(1,874)	(1,771)
Payments of lease obligations	(1,560)	(1,419)	(4,594)	(3,784)
Issuance of Preferred Shares to Parent (note 8)	-	-	-	181,484
Dividends paid (note 14(b))	-	(12)	-	(24)
Net cash flows from (used in) in financing activities	(10,023)	(56,823)	115,231	279,173
Cash flows from (used in) investing activities:				
Acquisition of businesses (note 4)	-	-	(144,325)	(314,760)
Cash obtained with acquired businesses (note 4)	-	-	-	33,965
Post-acquisition settlement receipt (payments), net	5,685	(264)	4,706	(2,933)
Property and equipment purchased	(1,058)	(408)	(1,689)	(829)
Other investing activities	(720)	72	(984)	(584)
Net cash flows from (used in) investing activities	3,907	(600)	(142,292)	(285,142)
Effect of foreign currency on cash and cash equivalents	72	(1,827)	(2,959)	(1,839)
Increase (decrease) in cash	12,785	(14,758)	33,848	74,060
Cash, beginning of period	167,572	155,903	146,509	67,085
Cash, end of period	$ 180,357	$ 141,145	$ 180,357	$ 141,145

See accompanying notes to the condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

1. Reporting entity

Lumine Group Inc. (TSXV:LMN) is a company domiciled in Canada. The address of its registered office is 5060 Spectrum Way, Suite 100, Mississauga, Ontario, Canada. The condensed consolidated interim financial statements of the Company as at and for the three and nine months ended September 30, 2024 comprise Lumine Group Inc. and its subsidiaries (together referred to as "Lumine" or "the "Company"). The Company is a subsidiary of Trapeze Software ULC ("Trapeze"), a wholly-owned subsidiary of Constellation Software Inc. (TSX:CSU) ("CSI" or collectively referred to as the "Parent" – references to Parent refer to CSI and its subsidiaries). The Company is engaged principally in the development, installation and customization of software and in the provision of related professional services and support for customers globally.

2. Basis of presentation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

These condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors of the Company on November 1, 2024.

These condensed consolidated interim financial statements should be read in conjunction with the 2023 annual consolidated financial statements of Lumine Group Inc. (together referred to as the "Annual Consolidated Financial Statements").

(b) Basis of measurement

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

(c) Functional and presentation currency

The condensed consolidated interim 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 condensed consolidated interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses, consistent with those disclosed in the Annual Consolidated Financial Statements and described in these condensed consolidated interim financial statements. Actual results may differ from these estimates.

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

3. Material accounting policies

Unless otherwise noted in the condensed consolidated interim financial statements, the material accounting policies used in preparing these condensed consolidated interim financial statements are unchanged from those disclosed in the Annual Consolidated Financial Statements. These material accounting policies have been applied consistently to all periods presented in these condensed consolidated interim financial statements.

The Company has adopted the following accounting standards on January 1, 2024, and did not note any material impact on the condensed consolidated interim financial statements.

- Classification of Liabilities as Current or Non-current Liabilities with Covenants (Amendments to IAS 1)
- International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12). Refer to note 10(a) for further discussion.

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

4. Business acquisitions

(a) Acquisition from Nokia operating as Motive

On April 1, 2024, the Company acquired the assets of Device Management and Service Management Platform businesses from Nokia (NYSE: NOK) for aggregate cash consideration of $112,075 on closing plus cash holdbacks and contingent consideration with a combined estimated acquisition date fair value of $638 for total consideration of $112,713. This arrangement includes a maximum, or capped, contingent consideration which is not expected to exceed $37,839. The closing cash consideration is subject to adjustments for such items as net tangible asset assessments, as defined in the purchase and sale agreement, and claims under the respective representations and warranties of the purchase and sale agreement.

The acquired businesses, now operating under the brand Motive, operate in the communications and media market, similar to the Company's existing businesses. The acquisition has been accounted for using the acquisition method with the results of operations included in the condensed consolidated interim statements of income for the three and nine months ended September 30, 2024 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 $Nil.

Due to the complexity and timing of the acquisition, the Company is in the process of determining and finalizing the estimated fair value of the net assets acquired. The amounts determined on a provisional basis generally relate to the valuation of intangible assets, net asset assessments and measurement of the assumed liabilities, including acquired contract liabilities, and related tax matters. The provisional purchase price allocations may differ from the final purchase price allocations, and these differences may be material. Revisions to the allocations will occur as additional information about the fair value of assets and liabilities becomes available. During the three months ended September 30, 2024, the Company has recorded changes to the purchase consideration by $1,163 primarily related to the valuation of acquired intangible assets, including an increase in technology assets by $1,836, and decrease in goodwill by $346, and offsetting changes in working capital and tax related balances. The accounting will be finalized by the second quarter of 2025.

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

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

Other current assets		7,771
Property and equipment		2,048
Technology assets		50,116
Customer assets		56,393
	$	116,328
Current liabilities	$	2,949
Deferred revenue		2,513
	$	5,462
Goodwill		1,847
Total Consideration	$	112,713

The acquisition of Motive contributed revenue of $22,657 and net income of $3,372 during the three months ended September 30, 2024, and revenue of $44,094 and net loss of $5,555 during the nine months ended September 30, 2024.

(b) Acquisition from Casa Systems operating as Axyom Core

On April 29, 2024, the Company acquired the Axyom Cloud Native 5G Core Software & RAN assets from Casa Systems Inc. for aggregate cash consideration of $32,250 on closing.

The acquired businesses, now operating under the brand Axyom Core (“Axyom”), operate in the communications and media market, similar to the Company’s existing businesses. The acquisition has been accounted for using the acquisition method with the results of operations included in the condensed consolidated interim statements of income for the three and nine months ended September 30, 2024 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 $1,703; however, the Company has recorded an allowance of $42 as part of the acquisition accounting to reflect contractual cash flows that are not expected to be collected.

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

Due to the complexity and timing of the acquisition, the Company is in the process of determining and finalizing the estimated fair value of the net assets acquired. The amounts determined on a provisional basis generally relate to the valuation of intangible assets, net asset assessments and measurement of the assumed liabilities, including acquired contract liabilities, and related tax matters. The provisional purchase price allocations may differ from the final purchase price allocations, and these differences may be material. Revisions to the allocations will occur as additional information about the fair value of assets and liabilities becomes available. During the three months ended September 30, 2024, the Company has recorded changes to the acquired intangible assets, including an increase in customer assets by $297, technology assets by $3,100, and goodwill by $122 and offsetting changes in working capital and tax related balances. The accounting will be finalized by the second quarter of 2025.

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

Accounts receivable		1,661
Other current assets		555
Property and equipment		1,709
Technology assets		11,704
Customer assets		22,052
	$	37,681
Current liabilities	$	1,116
Deferred revenue		5,453
	$	6,569
Goodwill		1,138
Total Consideration	$	32,250

The acquisition of Axyom contributed revenue of $11,524 and net income of $865 during the three months ended September 30, 2024 and revenue of $13,118 and net loss of $2,636 during the nine months ended September 30, 2024.

The Company incurred transaction costs of $2,285 related to the acquisitions of Motive and Axyom recognized in Other, net expense in the condensed consolidated interim statement of income. If the acquisitions of Motive and Axyom occurred on January 1, 2024, the Company estimates that pro-forma consolidated revenue and pro-forma consolidated net loss would have been $527,922 and $298,175 for the nine months ended September 30, 2024 compared to the actual amounts reported in the condensed consolidated interim statement of income. In determining these amounts, the Company has assumed that the fair values of the net assets acquired that were estimated and accounted for on the dates of acquisition would have been the same as if the acquisitions had occurred on January 1, 2024. The net income from acquisitions includes the associated amortization of acquired intangible assets recognized as if the acquisitions had occurred on January 1, 2024.

(c) Prior year acquisitions

The following measurement period adjustments on the prior year acquisitions of Titanium Software Inc. and Synchronoss Technologies Inc. have been reflected on the condensed consolidated interim statement of financial position as of December 31, 2023. The effect of measurement period adjustments on amortization expense has also been incorporated into the condensed consolidated interim statement of income. Negative balances in the table below represent reduction in assets and liabilities, while positive balances represent an increase in assets and liabilities.

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

Other current assets	$	(1,309)
Technology assets		(18,530)
Customer assets		696
	$	(19,143)
Current liabilities	$	(589)
Deferred income tax liabilities		(11,980)
	$	(12,569)
Goodwill		562
Total Change in Consideration	$	(6,012)

During the three months ended March 31, 2024, the purchase price allocations for the acquisition of Titanium Software Inc. was finalized. During the nine months ended September 30, 2024, the purchase price for the acquisition from Synchronoss Technologies Inc. was reduced by $6,012 following finalization of the acquisition holdback payable.

5. Other assets and liabilities

(a) Other assets

		September 30, 2024		December 31, 2023
Prepaid expenses and other current assets	$	22,802	$	13,873
Sales tax receivable		3,523		3,965
Investment tax credits recoverable		6,238		5,943
Restricted cash		531		226
Acquisition holdback receivables (Note 4)		-		5,685
Other receivables		7,633		15,170
Total other current assets	$	40,727	$	44,862
Investment tax credits recoverable	$	2,175	$	2,609
Costs to obtain a contract		2,115		2,017
Unbilled revenue		3,161		4,122
Restricted cash		821		142
Non-current trade and other receivables and other assets		4,667		4,173
Total other non-current assets	$	12,939	$	13,063

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

(b) Other liabilities

	September 30, 2024	December 31, 2023
Contingent consideration (note 14(b))	$ 83	$ 2,123
Deferred revenue	3,094	5,533
Provisions (note 9)	4,080	4,764
Other non-current liabilities	510	707
Total other non-current liabilities	$ 7,767	$ 13,127

6. Intangible assets and goodwill

	Technology Assets	Customer Assets	Goodwill	Total
Cost				
Balance at January 1, 2023	$ 175,860	$ 133,118	$ 1,285	$ 310,263
Acquisitions through business combinations (note 4)	185,133	382,718	65,306	$ 633,157
Effect of movements in foreign exchange and other	5,401	2,829	330	8,560
Balance at December 31, 2023	$ 366,394	$ 518,665	$ 66,921	$ 951,980
Balance at January 1, 2024	$ 366,394	$ 518,665	$ 66,921	$ 951,980
Acquisitions through business combinations (note 4)	61,820	78,446	2,984	143,250
Effect of movements in foreign exchange and other	1,900	2,289	1	4,190
Balance at September 30, 2024	$ 430,114	$ 599,400	$ 69,906	$ 1,099,420
Accumulated amortization and impairment losses				
Balance at January 1, 2023	$ 73,052	$ 29,158	$ -	$ 102,210
Amortization for the period	46,613	33,710	-	80,323
Effect of movements in foreign exchange and other	4,609	1,045	-	5,654
Balance at December 31, 2023	$ 124,274	$ 63,913	$ -	$ 188,187
Balance at January 1, 2024	$ 124,274	$ 63,913	$ -	$ 188,187
Amortization for the period	47,684	33,964	-	81,648
Effect of movements in foreign exchange and other	2,340	1,204	-	3,544
Balance at September 30, 2024	$ 174,298	$ 99,081	$ -	$ 273,379
Carrying amounts:				
At January 1, 2023	$ 102,808	$ 103,960	$ 1,285	$ 208,053
At December 31, 2023	$ 242,120	$ 454,752	$ 66,921	$ 763,793
At January 1, 2024	$ 242,120	$ 454,752	$ 66,921	$ 763,793
At September 30, 2024	$ 255,816	$ 500,319	$ 69,906	$ 826,041

7. Bank debt

(a) WideOrbit Loan

On March 2, 2023, WideOrbit Inc. ("WideOrbit"), a wholly owned subsidiary, entered into a revolving financing facility with a syndicate of Canadian and US financial institutions amounting to $185,000, to provide long-term financing in connection with the acquisition of WideOrbit (the "WO Loan"), of which $175,000 was drawn and incurred transaction costs of $1,771. For the three and nine months ended September 30, 2024, repayment of $17,000 was made on the revolving facility and no additional borrowings were drawn. As of September 30, 2024, a balance of $108,000 remains outstanding (December 31, 2023 – $125,000).

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

(b) Telarix Loans

On October 31, 2022, Telarix Inc., a wholly owned subsidiary, closed term loan funding with a Canadian chartered bank, amounting to $39,000, of which $19,500 was drawn, to provide long-term financing in connection with an acquired business and incurred transaction cost of $450. The financing also comes with a revolving credit facility of $2,500 (collectively, the "Telarix Loans"). For the three months ended September 30, 2024, there were no additional borrowings and normal course of repayment of $976 was made on the term loan. For the nine months ended September 30, 2024, additional borrowings of $19,500 were drawn, and normal course repayments of $1,464 were made on the term loan (December 31, 2023 – repayment of $897). As of September 30, 2024, a balance of $36,563 remains outstanding (December 31, 2023 - $18,525)

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

(c) WizTivi Loan

On November 24, 2023, Lumine Group France SAS ("Lumine France"), a wholly owned subsidiary, closed a term loan facility with HSBC Continental Europe amounting to €10,000 ($10,914) to provide long-term financing in connection with its wholly owned subsidiary, WizTivi SAS (the "WizTivi Loan"), of which the full amount was drawn and incurred transaction costs of $164 in 2023. For the three and nine months ended September 30, 2024, there were no repayments made on the WizTivi Loan.

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

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

(d) Lumine Facility

On March 20, 2024, the Company entered into a revolving credit financing facility ("Lumine Facility") with a syndicate of Canadian and US financial institutions, amounting to $310,000 to support future acquisitions and incurred transaction costs of $1,874. For the three and nine months ended September 30, 2024, additional borrowings of $15,000 and $46,000, respectively, were drawn on the facility. As of September 30, 2024, a balance of $136,000 remains outstanding.

Covenants associated with this facility are monitored and reported based on the financial position and financial performance of all of the Company's business units. The covenants include a leverage ratio and an interest coverage ratio. The Lumine Facility has a maturity date of March 21, 2027 and bears an interest rate of SOFR plus applicable spreads ranging from 1.25% to 3.25%, based on the leverage ratio. The credit facility is collateralized by substantially all of the assets of certain direct and indirect subsidiaries of the Company subject to the ringfence arrangement.

As of September 30, 2024, the Company and its subsidiaries are in compliance with their respective debt covenants.

	Maturity	Principal Amount	Interest Rate	September 30, 2024	December 31, 2023
Telarix Loan – Term loan	2026	39,000	SOFR+1.85%	$ 36,563	$ 18,525
Telarix Loan – Revolving facility	2026	2,500	Prime+0.50%	-	-
WO Loan	2028	185,000	SOFR+2.5%	108,000	125,000
Wiztivi Loan	2028	€10,000	EURIBOR+2.5%	11,160	11,036
Lumine Facility	2027	310,000	SOFR+1.25%	136,000	-
				291,723	154,561
Deferred transaction costs				(3,018)	(1,854)
Less current portion, net of related transaction costs				$ (2,248)	$ (3,071)
Total long-term debt				$ 286,457	$ 149,636

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

The annual minimum repayment requirements for the bank debts are as follows:

2024	2,720
2025	4,182
2026	36,357
2027	138,232
2028	110,232
	$ 291,723

8. Redeemable Preferred and Special Securities

(a) Preferred Shares

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

The fair value of the Preferred Shares on February 22, 2023, the date of issuance, was $1,382,288 and was recorded as a liability. The Company has determined that the rights associated with the redeemable preferred shares do not result in a fixed amount of cash being exchanged for a fixed amount of shares (i.e. does not meet the “fixed for fixed” requirement). As a result, the Preferred Shares are recorded at fair value at the end of each reporting period. The change in fair value of the Preferred Shares is recorded as Redeemable Preferred and Special Securities expense in the condensed consolidated interim statements of income (see note 14(b)).

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

(i) Conversion

Holders of the Preferred Shares were entitled to convert some or all of their Preferred Shares into Subordinate Voting Shares at a conversion ratio of 2.4302106 Subordinate Voting Shares per Preferred Share at any time prior to the Mandatory Conversion (as defined below) (the “Preferred Share Conversion Right”).

Upon the exercise of the Preferred Share Conversion Right, the holders of the Preferred Shares were entitled to receive all accrued but unpaid dividends accruing on the Preferred Shares to the day before the conversion date. Pursuant to the terms of the Shareholders Agreement entered into by CSI, Trapeze, and the holders of Special Shares (the “Shareholders Agreement”), the Board of Directors of the Company made a determination to settle the accrued and unpaid dividends on the Preferred Shares by the issuance of Subordinate Voting Shares (see note 8(d)).

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

At any time prior to the Mandatory Conversion Date (as defined below), upon thirty (30) days notice to the Company, the holders of the Preferred Shares had the right (but not the obligation) to sell some or all of their Preferred Shares to the Company (the "Preferred Share Retraction Right"). Upon exercise of the Preferred Share Retraction Right, the holders of the Preferred Shares were entitled to receive an amount of cash equal to the Initial Face Value for each Preferred Share in respect of which the Preferred Share Retraction Right had been exercised, or Subordinate Voting Shares of equal value, or any combination thereof, in each case at the option of the holder of the Preferred Shares. Notwithstanding the foregoing, if the Board of Directors of the Company determines that the Company does not have sufficient cash on hand to make the payment in cash, the holders of Preferred Shares would, subject to TSXV approval, receive Subordinate Voting Shares on the terms described above.

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

(b) Special Shares

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

The fair value of the Special Shares on February 22, 2023, the date of issuance, was $221,841 and was recorded as a liability. The Company has determined that the rights associated with Special Shares do not result in a fixed amount of cash being exchanged for a fixed amount of shares (i.e. does not meet the "fixed for fixed" requirement). As a result, the Special Shares are recorded at fair value at the end of each reporting period. The change in fair value of the Special Shares is recorded as Redeemable Preferred and Special Securities expense in the condensed consolidated interim statements of income (see note 14(b)).

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

(i) Conversion

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

Upon the exercise of the Special Share Conversion Right, the holders of the Special Shares were entitled to receive all accrued but unpaid dividends accruing on the Special Shares to the day before the conversion date. Pursuant to the terms of the Shareholders Agreement, the Board of Directors of the Company made a determination to settle the accrued and unpaid dividends on the Preferred Shares by the issuance of Subordinate Voting Shares (see note 8(d)).

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

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

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

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

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

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

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

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

On March 25, 2024 ("Mandatory Conversion Date"), following the approvals by the holders of the Preferred Shares and Special Shares as well as the Board of Directors, the Preferred Shares and Special Shares were converted to 189,114,307 Subordinate Voting Shares based on the 60-day volume weighted average trading price of the Subordinate Voting Shares. Subsequent to the conversion, the total issued and outstanding share capital of the Company now reflects 256,620,388 Subordinate Voting Shares and no Preferred Shares and Special Shares outstanding. As at March 25, 2024, the Company recorded $403,301 in capital stock, $1,200,803 in contributed surplus and $3,095,910 in retained earnings on the condensed consolidated interim statement of changes in equity for the nine months ended September 30, 2024. For the three months ended September 30, 2024 the company recorded $nil (Q3 2023 - $174,629), and for the nine months ended September 30, 2024, $298,714 (Q3 2023 - $1,297,730) related to mark-to-market adjustments on the fair value of the Preferred and Special Securities.

(d) Accrued dividends

Accrued dividends payable for Preferred and Special Securities as of March 25, 2024 of $87,368 was settled by the issuance of 3,515,418 Subordinate Voting Shares as per the determination made by the board of directors to settle accrued dividend payable in shares. For the three months ended September 30, 2024, the Company recorded accrued dividends of $Nil (Q3 2023 – 20,188) and $18,648 (Q3 2023 - $48,290) for the nine months ended September 30, 2024, under Redeemable Preferred and Special Securities expense in the condensed consolidated interim statements of income.

9. Provisions

At January 1, 2024	$	4,764
Reversal		(13)
Provisions recorded during the period		78
Provisions used during the period		(855)
Effect of movements in foreign exchange and other		106
At September 30, 2024	$	4,080
Provisions classified as current liabilities	$	-
Provisions classified as other non-current liabilities	$	4,080

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.

10. Income taxes

Income tax expense is recognized based on management's best estimate of the actual income tax rate for the interim period applied to the pre-tax income of the interim period for each entity in the consolidated group. As a result of foreign exchange fluctuations, acquisitions, and ongoing changes due to intercompany transactions amongst entities operating in different jurisdictions, the Company has determined that a reasonable estimate of a weighted average annual tax rate cannot be determined on a consolidated basis. The Company's consolidated effective tax rate in respect of continuing operations for the three and nine months ended September 30, 2024 was 17.45% and -4.40% (-2.24% and -0.68% for the three and nine months ended September 30, 2023). The effective tax rate for the nine-month period, as well as for the prior period, is affected by the mark-to-market adjustment expense, which is non-deductible for tax purposes.

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

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 intercompany 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.

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

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

11. Capital and other components of equity

(a) Capital stock

	Subordinate Voting & Super Voting Shares	
	Number	Amount
At January 1, 2024	63,990,664	$ -
Mandatory Conversion of Preferred and Special Shares	189,114,307	403,301
Settlement of Preferred and Special Share Dividends	3,515,418	87,368
At September 30, 2024	256,620,389	$ 490,669

The Company's authorized share capital consists of an unlimited number of Subordinate Voting Shares, an unlimited number of Special Shares, an unlimited number of Preferred Shares and 1 Super Voting Share. As at September 30, 2024, there are 256,620,388 Subordinate Voting Shares and 1 Super Voting Share outstanding. The Super Voting Share is held by Parent and is convertible into a Subordinate Voting Share on a one-for-one basis.

Holders of Subordinate Voting Shares, the Super Voting Share, and Special Shares are entitled to attend and vote at meetings of the Company's shareholders except meetings at which only holders of a particular class are entitled to vote. Holders of Subordinate Voting Shares and Special Shares are entitled to one vote per share, and the holder of the Super Voting Share is entitled to that number of votes that equals 50.1% of the aggregate number of votes attached to all of the outstanding Super Voting Shares, Subordinate Voting Shares and Special Shares at such time. Other than in respect of voting rights, the Subordinate Voting Shares and the Super Voting Share have the same rights, are equal in all respects and are treated as if they were one class of shares. As of September 30, 2024, there are no Special Shares outstanding due to Mandatory Conversion of Preferred and Special Shares to Subordinate Voting Shares.

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

(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.

(c) Dividends

During the three and nine months ended September 30, 2024 and September 30, 2023, the Company did not declare any dividends on the Subordinate Voting Shares.

12. Finance costs and other expenses (income)

	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Interest expense on contingent consideration	$ 24	$ 7	$ 93	$ 19
Interest expense on bank debt	6,052	3,107	13,979	8,593
Interest expense on lease obligations	105	205	388	464
Foreign exchange loss (gain)	3,329	421	5,342	951
Other expenses (income)	(612)	(37)	(934)	(67)
Finance and other expenses (income)	$ 8,898	$ 3,703	$ 18,868	$ 9,960

13. Earnings per share

(a) Basic and diluted earnings per share

	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Numerator:				
Net income (loss)	$ 18,278	$ (178,650)	$ (288,296)	$ (1,319,314)
Denominator:				
Basic weighted average shares outstanding	256,620,389	74,040,058	199,991,663	71,967,707
Add: Effect of dilutive shares	-	179,064,912	55,538,176	170,402,798
Diluted weighted average shares outstanding	256,620,389	253,104,970	255,529,839	242,370,505
Basic and diluted earnings per share:	$ 0.07	$ (2.41)	$ (1.44)	$ (18.33)

The number of basic and diluted shares outstanding represents the shares issued as part of a series of transactions described in note 8. The impact of diluted weighted average shares outstanding determined above is anti-dilutive due to the net loss for the nine months ended September 30, 2024, as well as three and nine months ended September 30, 2023.

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

14. Financial instruments

(a) Fair values versus carrying amounts

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

(b) 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 September 30, 2024 and December 31, 2023 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.

	September 30, 2024				December 31, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Liabilities:								
Contingent Consideration	-	-	1,842	1,842	-	-	3,161	3,161
Preferred and Special Share Securities	-	-	-	-	-	-	4,401,547	4,401,547
	$ -	$ -	$ 1,842	$ 1,842	$ -	$ -	$ 4,404,708	$ 4,404,708

There were no transfers of fair value measurements between level 1, 2 and level 3 of the fair value hierarchy in the three and nine ended September 30, 2024 and 2023.

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

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.

Contingent Consideration

Balance at January 1, 2023	$	3,400
Increase from business acquisitions		4,509
Settlements through cash payments		(4,077)
Charges (recoveries) through profit or loss		(729)
Interest on contingent consideration liabilities		19
Foreign exchange and other movements		39
Balance at December 31, 2023	$	3,161
Contingent consideration classified as current liabilities		1,038
Contingent consideration classified as other non-current liabilities		2,123

Balance at January 1, 2024	$	3,161
Increase from business acquisitions (note 4)		-
Settlements through cash payments		(980)
Charges (recoveries) through profit or loss		(399)
Interest on contingent consideration liabilities		93
Foreign exchange and other movements		(34)
Balance at September 30, 2024	$	1,841
Contingent consideration classified as current liabilities		1,758
Contingent consideration classified as other non-current liabilities		83

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 three and nine months ended September 30, 2024 and September 30, 2023 have been recorded at their estimated fair value at each reporting date. Aggregate contingent consideration of $1,841 (December 31, 2023 – $3,161) has been included in accounts payable and accrued liabilities and other liabilities in the condensed consolidated interim 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 condensed consolidated interim statements of income resulting in a gain of ($1,357) and ($399) for the three and nine months ended

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

September 30, 2024, respectively (September 30, 2023 – an expense of $58 and a gain of ($2,420), respectively).

Preferred and Special Share Securities

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

Preferred and Special Share Securities

Balance at January 1, 2024	$	4,469,996
Accrued dividends recorded in profit or loss		18,648
Mark-to-market adjustments recorded in profit or loss		298,714
Mandatory conversion of Preferred and Special Shares		(4,700,014)
Settlement of Preferred and Special Share dividend		(87,368)
Foreign exchange and other movements		24
Balance at September 30, 2024	$	-
Preferred and Special Securities classified as current liabilities		-

Estimates of the fair value of Preferred and Special Share Securities are performed by the Company on a quarterly basis up to the Mandatory Conversion Date. Key unobservable inputs included expected volatility and the credit spread of the Preferred and Special Securities. The estimated fair value increased as the expected volatility increased. The estimated fair value decreased as the credit spread increased. The key observable input was the Subordinate Voting Share price of Lumine. As the Lumine Subordinate Voting Share price increased, the fair value of the Preferred and Special Securities increased.

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

15. 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.

16. Changes in non-cash operating working capital

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Decrease (increase) in current accounts receivable, net	(13,221)	6,374	(35,046)	17,674
Decrease (increase) in current unbilled revenue, net	(372)	(558)	(1,183)	(7,940)
Decrease (increase) in other current assets	918	6,663	331	4,941
Decrease (increase) in inventories	3	24	-	54
Decrease (increase) in other non-current assets	(985)	(812)	556	889
Increase (decrease) in other non-current liabilities	(1,020)	1,945	(3,327)	795
Increase (decrease) in current accounts payable and accrued liabilities, excluding holdbacks from acquisitions	(5,814)	(142)	(15,757)	(12,873)
Increase (decrease) in current deferred revenue	(13,689)	(7,401)	(13,920)	(9,178)
Increase (decrease) in current provisions	(120)	(271)	(82)	1,073
Change in non-cash operating working capital	(34,301)	5,822	(68,428)	(4,565)

17. Related party transactions

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

(a) Transactions with CSI

The Company pays management fees to CSI (included within "Other, net" expenses), reimburses CSI for certain expenses paid on behalf of the Company, and borrows funds from CSI from time to time to fund acquisitions. During the three and nine months ended September 30, 2024, the Company expensed management fees of $706 and $1,947, respectively (September 30, 2023 – $783 and $1,604, respectively). At September 30, 2024, the Company had outstanding amounts due to related parties of $1,807 (December 31, 2023 – $2,380) which reflects the amount owing to the Parent for management fees and the reimbursement of expenses paid on its behalf, net of the cash sent to the Parent during the quarter.

On March 25, 2024, following the approvals by the holders of the Preferred Shares and Special Shares as well as the Board of Directors, the Preferred Shares were converted to 154,519,381 Subordinate Voting Shares based on the 60-day volume weighted average trading price of the Subordinate Voting Shares.

Subsequent to the conversion of Preferred Shares and Special Shares, the total issued and outstanding share capital of the Company now reflects 256,620,388 Subordinate Voting Shares and no Preferred Shares outstanding. As of March 25, 2024, the Company recorded $403,301 in capital stock, $1,200,803 in contributed surplus and $3,095,910 in retained earnings on the condensed consolidated interim statement of changes in equity for the nine months ended September 30, 2024 (note 8).