Condensed consolidated interim financial statements
(In USD)

Lumine Group Inc.

For the three and six months ended June 30, 2023 and 2022
Unaudited

Lumine Group Inc.

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

Unaudited

	June 30, 2023	December 31, 2022
		Adjusted (note 2(b))
Assets		
Current assets:		
Cash	$ 155,903	$ 67,085
Accounts receivable	87,874	63,923
Unbilled revenue	30,875	9,419
Inventories	501	60
Other assets (note 5)	29,400	23,050
	304,553	163,537
Non-current assets:		
Property and equipment	4,761	3,115
Right of use assets	13,940	5,349
Deferred income taxes	3,371	2,931
Other assets (note 5)	14,846	8,492
Intangible assets and goodwill (note 6)	778,668	210,119
	815,586	230,006
Total assets	$ 1,120,139	$ 393,543
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 73,795	$ 64,762
Due to related parties, net (note 17)	2,430	35,466
Current portion of bank debt (note 7)	50,653	975
Deferred revenue	82,530	61,979
Provisions (note 9)	1,390	22
Acquisition holdback payables	735	1,769
Lease obligations	5,825	2,069
Income taxes payable	15,996	12,217
Preferred and Special Securities (notes 8 and 14)	2,751,285	-
	2,984,639	179,259
Non-current liabilities:		
Deferred income taxes	139,875	30,579
Bank debt (note 7)	141,199	18,138
Lease obligations	9,444	4,719
Other liabilities (note 5)	6,983	7,068
	297,501	60,504
Total liabilities	3,282,140	239,763
Equity (note 11):		
Capital stock	-	-
Contributed surplus	(1,015,661)	162,692
Accumulated other comprehensive income (loss)	(9,223)	(8,912)
Retained earnings (deficit)	(1,137,117)	-
	(2,162,001)	153,780
Subsequent events (note 7)		
Total liabilities and equity	$ 1,120,139	$ 393,543

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 June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
		Adjusted (note 2(b))		*Adjusted (note 2(b))*
Revenue				
License	$ 11,094	$ 9,678	$ 21,743	$ 18,408
Professional services	23,440	12,313	40,267	24,822
Hardware and other	4,728	1,473	9,336	3,754
Maintenance and other recurring	90,623	37,803	153,920	74,449
	129,885	61,267	225,266	121,433
Expenses				
Staff	71,285	31,146	119,904	63,021
Hardware	3,132	747	6,451	2,097
Third party license, maintenance and professional services	8,050	2,923	12,785	5,345
Occupancy	789	443	1,566	857
Travel, telecommunications, supplies, software and equipment	5,214	2,570	9,886	4,836
Professional fees	2,919	3,044	10,232	3,853
Other, net	(94)	1,108	2,688	4,184
Depreciation	2,195	1,099	3,705	2,310
Amortization of intangible assets (note 6)	21,873	7,339	36,709	14,063
	115,363	50,419	203,926	100,566
Redeemable Preferred and Special Securities expense (note 14b)	496,588	-	1,151,203	-
Finance and other expenses (income) (note 12)	4,332	(654)	6,257	(1,034)
	500,920	(654)	1,157,460	(1,034)
Income (loss) before income taxes	(486,398)	11,502	(1,136,120)	21,901
Current income tax expense (recovery)	10,649	7,296	18,162	11,703
Deferred income tax expense (recovery)	(7,455)	(4,641)	(13,125)	(6,515)
Income tax expense (recovery)	3,194	2,655	5,037	5,188
Net income (loss)	$ (489,592)	$ 8,847	$ (1,141,157)	$ 16,713
Weighted average shares outstanding (note 13):				
Basic	74,008,247	N/A	70,914,357	N/A
Diluted	253,106,712	N/A	236,914,312	N/A
Earnings per share (note 13):				
Basic and diluted	$ (6.62)	N/A	$ (16.09)	N/A

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 June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
		Adjusted (note 2(b))		*Adjusted (note 2(b))*
Net income (loss)	$ (489,592)	$ 8,847	$ (1,141,157)	$ 16,713
Items that are or may be reclassified subsequently to net income (loss):				
Foreign currency translation differences from foreign operations and other	(900)	(9,624)	(311)	(12,243)
Other comprehensive (loss) income for the year, net of income tax	(900)	(9,624)	(311)	(12,243)
Total comprehensive income (loss) for the year	$ (490,492)	$ (777)	$ (1,141,468)	$ 4,470

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

Six months ended June 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 year:					
Net income (loss)	-	-	-	(1,141,157)	(1,141,157)
Other comprehensive income (loss):					
Foreign currency translation differences from foreign operations and other	-	-	(311)	-	(311)
Total other comprehensive income (loss) for the year	**-**	**-**	**(311)**	**(1,141,157)**	**(1,141,468)**
Total comprehensive income (loss) for the year	**-**	**-**	**(311)**	**(1,141,157)**	**(1,141,468)**
Transaction with Parent, recorded directly in equity					
Capital contributions by Parent (notes 11 and 17)	-	22,451	-	-	22,451
Amalgamation with Lumine Group (Holdings) Inc. (note 1(b))	-	(1,200,804)	-	-	(1,200,804)
Special Share conversion (notes 11 and 14(b))	-	-	-	4,040	4,040
Balance at June 30, 2023	**$ -**	**$ (1,015,661)**	**$ (9,223)**	**$ (1,137,117)**	**$ (2,162,001)**

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 and adjusted (note 2(b)) Six months ended June 30, 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**
Total comprehensive income (loss) for the year:						
Net income (loss)	-	-	-	-	16,713	16,713
Other comprehensive income (loss):						
Foreign currency translation differences from foreign operations and other	-	-	(12,243)	-	-	(12,243)
Total other comprehensive income (loss) for the year	**-**	**-**	**(12,243)**	**-**	**16,713**	**4,470**
Total comprehensive income (loss) for the year	**-**	**-**	**(12,243)**	**-**	**16,713**	**4,470**
Transactions with Parent, recorded directly in equity						
Capital contributions	-	-	-	-	31,600	31,600
Dividends to Parent	-	-	-	-	(44,781)	(44,781)
Balance at June 30, 2022	**$ -**	**$ -**	**$ (9,014)**	**$ -**	**$ 173,452**	**$ 164,439**

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 June 30,		Six months ended June 30,	
	2023	2022	2023	2022
		Adjusted (note 2(b))		*Adjusted (note 2(b))*
Cash flows from (used in) operating activities:				
Net income (loss)	$ (489,592)	$ 8,847	$ (1,141,157)	$ 16,713
Adjustments for:				
Depreciation	2,195	1,099	3,705	2,310
Amortization of intangible assets	21,873	7,339	36,709	14,063
Contingent consideration adjustments (note 14)	(3,149)	281	(2,478)	1,425
Preferred and Special Securities expense (income) (note 14)	496,588	-	1,151,203	-
Finance and other expenses (income)	4,332	(654)	6,257	(1,034)
Income tax expense (recovery)	3,194	2,655	5,037	5,188
Change in non-cash operating assets and liabilities exclusive of effects of business combinations (note 16)	(6,357)	(10,552)	(10,388)	(23,260)
Income taxes (paid) received	(6,679)	(886)	(11,512)	(2,459)
Net cash flows from (used in) operating activities	22,406	8,129	37,375	12,946
Cash flows from (used in) financing activities:				
Interest paid on lease obligations	(167)	(34)	(259)	(65)
Interest paid on bank debt	(3,249)	-	(3,591)	-
Cash transferred from (to) Parent	(7,165)	66,935	(11,835)	70,127
Proceeds from issuance of bank debt (note 7)	-	-	175,000	-
Repayments of bank debt (note 7)	(410)	-	(654)	-
Transaction costs on bank debt (note 7)	-	-	(1,771)	-
Payments of lease obligations	(1,525)	(619)	(2,365)	(1,363)
Issuance of Preferred Shares to Parent (note 8)	-	-	181,484	-
Dividends paid (note 14(b))	(12)	-	(12)	-
Net cash flows from (used in) in financing activities	(12,528)	66,283	335,997	68,699
Cash flows from (used in) investing activities:				
Acquisition of businesses (note 4)	-	(79,845)	(314,760)	(79,845)
Cash obtained with acquired businesses (note 4)	(0)	2,871	33,965	2,871
Post-acquisition settlement payments, net of receipts	(2,307)	84	(2,669)	(2,964)
Property and equipment purchased	(180)	(162)	(421)	(224)
Other investing activities	(657)	-	(657)	-
Net cash flows from (used in) investing activities	(3,143)	(77,053)	(284,542)	(80,163)
Effect of foreign currency on cash and cash equivalents	(314)	(218)	(12)	(27)
Increase (decrease) in cash	6,421	(2,859)	88,818	1,456
Cash, beginning of period	149,481	31,424	67,085	27,110
Cash, end of period	$ 155,903	$ 28,566	$ 155,903	$ 28,566

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 six months ended June 30, 2023 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.

(a) Capital reorganization

On February 21, 2023, the Company filed articles of amendment and reorganized its share capital. Subsequent to the reorganization, the Company is authorized to issue one super voting share (“Super Voting Share”), an unlimited number of the subordinate voting shares (“Subordinate Voting Shares”), an unlimited number of preferred shares (“Preferred Shares”), and an unlimited number of special shares (“Special Shares”). The terms and conditions of Super Voting Share and Subordinate Voting Shares are described in note 11. The terms and conditions of Preferred Shares and Special Shares are described in note 8.

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

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

On February 22, 2023, the Company acquired Lumine Group (Holdings) Inc. (‘Lumine Holdings”), a global portfolio of communications and media software companies and a wholly owned subsidiary of the Parent. As consideration for the acquisition, the Company issued 63,582,712 Subordinate Voting Shares at a nominal value and 55,233,745 Preferred Shares at $21.74 per share to the Parent. The total value of Preferred Shares of $1,200,804 was recorded as a reduction to contributed surplus on the condensed consolidated interim statement of changes in equity for the six months ended June 30, 2023.

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

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

(c) Spinout of the Company

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

The Company's subordinate voting shares began trading on the TSX Venture Exchange on March 24, 2023 under the symbol "LMN."

2. Basis of presentation

(a) Statement of compliance

These 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") and using the accounting policies disclosed in Note 3 of the 2022 annual consolidated financial statements of Lumine Group (Holdings) Inc. except as disclosed herein.

These condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors of the Company on August 3, 2023.

These condensed consolidated interim financial statements should be read in conjunction with the 2022 annual consolidated financial statements of Lumine Group (Holdings) Inc., which are included in the Company's business acquisition report filed on March 15, 2023, as well as the 2022 annual 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.

Common control transaction

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

(c) Functional and presentation currency

The 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, with the exception for Preferred Shares and Special Shares which are further described in note 14(b). 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. Significant accounting policies

Unless otherwise noted in the condensed consolidated interim financial statements, the significant accounting policies used in preparing these condensed consolidated interim financial statements are unchanged from those disclosed in the Annual Consolidated Financial Statements, with the exception for the accounting policy for the financial instruments related to Preferred Shares and Special Shares, the estimated useful lives of the intangible assets, and segment reporting. These significant accounting policies have been applied consistently to all periods presented in these condensed consolidated interim financial statements.

The accounting policy for the financial instruments related to Preferred Shares and Special Shares is further described in note 8. As a result of the acquisitions during the six months ended June 30, 2023 (note 4), the range of the useful life of customer assets has changed to 2 to 17 years.

As a result of the WideOrbit acquisition (note 4), the Company has three operating segments following the guidance set out by IFRS 8, Operating Segments. Each operating segment operates in a consistent manner as described in the Annual Consolidated Financial Statements. The Company aggregates these three operating segments into one reportable segment, consistent with the objective and basic principles of IFRS 8.

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

4. Business acquisitions

(a) Acquisition of WideOrbit Inc.

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

WideOrbit is a software business that primarily operates in the advertising market for cable networks, local television stations and radio stations. The acquisition has been accounted for using the acquisition method with the results of operations included in the condensed consolidated interim statements of income for the three and six months ended June 30, 2023 from the date of the acquisition.

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

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

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

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 acquired 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 June 30, 2023, the Company has recorded changes to the valuation of acquired intangible assets, including a decrease in customer assets by $34,777 and technology assets by $9,310, and an increase in goodwill by $32,140. The accounting will be finalized by the first quarter of 2024.

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

Cash	$	24,774
Accounts receivable		20,877
Other current assets		20,775
Property and equipment		2,113
Right-of-use assets		8,418
Other non-current assets		7,568
Technology assets		157,000
Customer assets		344,000
	$	585,525
Current liabilities	$	20,741
Deferred revenue		10,432
Lease obligations		8,418
Deferred income tax liabilities		109,138
Other non-current liabilities		972
	$	149,702
Goodwill		68,320
Total Consideration	$	504,143

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

The acquisition of WideOrbit contributed revenue of $42,688 and net loss of ($3,899) during the three months ended June 30, 2023, and revenue of $60,239 and net loss of ($5,027) during the six months ended June 30, 2023.

(b) Acquisition of Titanium Software Holdings Inc

On March 8, 2023, the Company acquired 100% of the outstanding shares of Titanium Software Holdings Inc (“Titanium”) for aggregate cash consideration of $31,948 on closing plus cash holdbacks and contingent consideration with a combined estimated acquisition date fair value of $4,779 for total consideration of $36,727. For this arrangement, which includes a maximum, or capped, contingent consideration amount, the contingent consideration is not expected to exceed $19,000. The cash holdbacks are payable over a two-year period and are adjusted, as necessary, for such items as working capital or net tangible asset assessments, as defined in the agreements, and claims under the respective representations and warranties of the purchase and sale agreements.

Titanium is a software company catering to the communications and media market, which is a software business similar to existing businesses operated by the Company. The acquisition has been accounted for using the acquisition method with the results of operations included in the condensed consolidated interim statements of income for the three and six months ended June 30, 2023 from the date of the acquisition.

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

The gross contractual amounts of acquired receivables was $14,754; however, the Company has recorded an allowance of $1,284 as part of the acquisition accounting to reflect contractual cash flows that are not expected to be collected.

Due to the complexity and timing of the acquisition, the Company is in the process of determining and finalizing the estimated fair value of the net assets acquired. The amounts determined on a provisional basis generally relate to the valuation of intangible assets, net asset assessments and measurement of the assumed liabilities, including acquired contract liabilities, and related tax matters. The provisional purchase price allocations may differ from the final purchase price allocations, and these differences may be material. Revisions to the allocations will occur as additional information about the fair value of assets and liabilities becomes available. During the three months ended June 30, 2023, the Company has recorded changes to the purchase consideration by $2,980 related to the estimated acquisition date fair values, as well as the valuation of acquired intangible assets, including an increase in customer assets by $3,823, technology assets by $917, and goodwill by $1,290 and offsetting changes in working capital and tax related balances. The accounting will be finalized by the first quarter of 2024.

(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:

Cash	$	9,191
Accounts receivable		13,470
Other current assets		3,590
Property and equipment		448
Technology assets		18,333
Customer assets		15,127
	$	60,159
Current liabilities	$	5,685
Deferred revenue		10,726
Deferred income tax liabilities		8,700
	$	25,110
Goodwill		1,678
Total Consideration	$	36,727

The acquisition of Titanium contributed revenue of $11,226 and net loss of ($3,740) during the three months ended June 30, 2023, and revenue of $15,736 and net loss of $(4,019) during the six months ended June 30, 2023.

The Company incurred transaction costs of $4,596 related to the acquisitions of WideOrbit and Titanium recognized in operating expenses. If the acquisitions of WideOrbit and Titanium occurred on January 1, 2023, the Company estimates that pro-forma consolidated revenue and pro-forma consolidated net loss would have been $258,763 and ($1,141,123) for the six months ended June 30, 2023 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, 2023. The net income from acquisitions includes the associated amortization of acquired intangible assets recognized as if the acquisitions had occurred on January 1, 2023.

(c) Prior year acquisitions

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

During the three months ended June 30, 2023, the purchase price allocations for the acquisition of Morse Holdings Inc. were finalized.

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

Accounts receivable	$	214
Other current assets		(539)
Property and equipment		(23)
Technology assets		(1,621)
Customer assets		1,132
	$	(836)
Current liabilities	$	1,417
Deferred revenue		(54)
Deferred income tax liabilities		(2,032)
Other non-current liabilities		(4,723)
	$	(5,393)
Goodwill		(5,850)
Total Change in Consideration	$	(1,293)

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

5. Other assets and liabilities

(a) Other assets

		June 30, 2023		December 31, 2022
Prepaid expenses and other current assets	$	15,263	$	14,717
Sales tax receivable		3,219		2,973
Investment tax credits recoverable		7,111		2,246
Restricted cash		134		130
Other receivables		3,673		2,984
Total other current assets	$	29,400	$	23,050
Investment tax credits recoverable	$	2,000	$	3,050
Costs to obtain a contract		2,073		910
Unbilled revenue		5,557		-
Restricted cash		653		-
Non-current trade and other receivables and other assets		4,564		4,533
Total other non-current assets	$	14,846	$	8,492

(b) Other liabilities

		June 30, 2023		December 31, 2022
Contingent consideration (note 14(b))	$	335	$	293
Deferred revenue		2,161		1,684
Provisions (note 9)		3,794		4,411
Other non-current liabilities		693		680
Total other non-current liabilities	$	6,983	$	7,068

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

6. Intangible assets and goodwill

	Technology Assets	Customer Assets	Goodwill	Total
Cost				
Balance at January 1, 2022	$ 108,177	$ 70,459	$ -	$ 178,636
Acquisitions through business combinations (note 4c)	75,407	68,465	2,211	$ 146,083
Adjustments to purchase price allocations for prior period business combinations	-	(203)	-	(203)
Effect of movements in foreign exchange and other	(7,731)	(4,511)	55	(12,187)
Balance at December 31, 2022	$ 175,853	$ 134,210	$ 2,266	$ 312,329
Balance at January 1, 2023	$ 175,853	$ 134,210	$ 2,266	$ 312,329
Acquisitions through business combinations (note 4)	175,333	359,127	69,999	604,458
Effect of movements in foreign exchange and other	656	1,885	94	2,635
Balance at June 30, 2023	$ 351,842	$ 495,222	$ 72,359	$ 919,423
Accumulated amortization and impairment losses				
Balance at January 1, 2022	$ 56,431	$ 18,956	$ -	$ 75,387
Amortization for the period	20,244	11,592	-	31,836
Effect of movements in foreign exchange and other	(3,623)	(1,390)	-	(5,013)
Balance at December 31, 2022	$ 73,052	$ 29,158	$ -	$ 102,210
Balance at January 1, 2023	$ 73,052	$ 29,158	$ -	$ 102,210
Amortization for the period	21,635	15,074	-	36,709
Effect of movements in foreign exchange and other	1,259	577	-	1,836
Balance at June 30, 2023	$ 95,946	$ 44,809	$ -	$ 140,755
Carrying amounts:				
At January 1, 2022	$ 51,746	$ 51,503	$ -	$ 103,249
At December 31, 2022	$ 102,801	$ 105,052	$ 2,266	$ 210,119
At January 1, 2023	$ 102,801	$ 105,052	$ 2,266	$ 210,119
At June 30, 2023	$ 255,896	$ 450,413	$ 72,359	$ 778,668

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

7. Bank debt

On March 2, 2023, WideOrbit entered into a revolving financing facility with a syndicate of Canadian and US financial institutions amounting to $185,000, to provide long-term financing in connection with the acquisition of WideOrbit (the "WO Loan"), of which $175,000 was drawn and incurred transaction costs of $1,771 during the six months ended June 30, 2023. The Company used the borrowings of $115,000 to repay its related party payable balance to the Parent (note 17). Subsequent to period-end, the Company repaid $50,000 of the facility due to extra cash on hand at the Company.

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

On October 31, 2022, Telarix Inc., a subsidiary of Morse, closed term loan funding with a Canadian chartered bank, amounting to $39,000, to provide long-term financing in connection with an acquired business. The financing also comes with a revolving credit facility of $2,500 (collectively, the "Telarix Loans"). During the six months ended June 30, 2023, there were no additional borrowings made on the Telarix Loans and minimal normal course repayments of $650 made on the term loan.

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. 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.

As of June 30, 2023, the Company and its subsidiaries are in compliance with their respective debt covenants.

	Maturity	Principal Amount	Interest Rate	June 30, 2023	December 31, 2022
Telarix Loan – Term loan	2026	39,000	SOFR+1.85%	$ 18,769	$ 19,422
Telarix Loan – Revolving facility	2026	2,500	Prime+0.50%	-	-
WO Loan	2028	185,000	SOFR+2.5%	175,000	-
				193,769	19,422
Deferred transaction costs				(1,917)	(309)
Less current portion, net of related transaction costs				$ (50,653)	$ (975)
Total long-term debt				$ 141,199	$ 18,138

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

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

2023	322
2024	975
2025	975
2026	16,497
2027	-
2028	175,000
	$ 193,769

8. Redeemable Preferred and Special Securities

(a) Preferred Shares

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

The fair value of the Preferred Shares on February 22, 2023, the date of issuance, was $1,382,288 and was recorded as a liability. The Company has determined that the rights associated with the redeemable preferred shares do not result in a fixed amount of cash being exchanged for a fixed amount of shares (i.e. does not meet the "fixed for fixed" requirement). As a result, the Preferred Shares are recorded at fair value at the end of each reporting period. The change in fair value of the Preferred Shares is recorded as Redeemable Preferred and Special Securities expense in the 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 are entitled to convert some or all of their Preferred Shares into Subordinate Voting Shares at a conversion ratio of 2.4302106 Subordinate Voting Shares per Preferred Share at any time (the "Preferred Share Conversion Right").

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

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

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

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

(b) Special Shares

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

The fair value of the Special Shares on February 22, 2023, the date of issuance, was $221,841 and was recorded as a liability. The Company has determined that the rights associated with Special Shares do not result in a fixed amount of cash being exchanged for a fixed amount of shares (i.e. does not meet the “fixed for fixed” requirement). As a result, the Special Shares are recorded at fair value at the end of each reporting period. The change in fair value of the Special Shares is recorded as Redeemable Preferred and Special Securities expense in the 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 are entitled to convert some or all of their Special Shares into Subordinate Voting Shares at a conversion ratio of 3.4302106 Subordinate Voting Shares per Special Share at any time (the “Special Share Conversion Right”).

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

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

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

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

(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 will redeem the Preferred Shares and the Special Shares in exchange for the issuance of 2.4302106 Subordinate Voting Shares for each Preferred Share redeemed or 3.4302106 Subordinate Voting Shares for each Special Share redeemed (the “Mandatory Conversion”).

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

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

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

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

(d) Accrued dividends

Accrued dividends payable for Preferred and Special Securities as of June 30, 2023 is $28,090 recorded within Preferred and Special Securities liability on the condensed consolidated interim statement of financial position. The Company recorded accrued dividends of $19,972 for the three months ended June 30, 2023, and $28,102 for the six months ended June 30, 2023, under Redeemable Preferred and Special Securities expense in the condensed consolidated interim statements of income.

9. Provisions

At January 1, 2023	$	4,433
Reversal		(22)
Provisions recorded during the period		1,366
Provisions used during the period		(624)
Effect of movements in foreign exchange and other		31
At June 30, 2023	$	5,184
Provisions classified as current liabilities	$	1,390
Provisions classified as other non-current liabilities	$	3,794

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 six months ended June 30, 2023 was -0.64% and -0.44% (22% and 23% for the three and six months ended June 30, 2022). The current period effective tax rate is impacted by the redeemable Preferred and Special Securities expense, which is not deductible for tax purposes.

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.

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

11. Capital and other components of equity

(a) Capital stock

	Subordinate Voting & Super Voting Shares		
	Number	Amount	
At January 1, 2023	63,582,713	$	-
Special Share Conversion	340,256		-
At June 30, 2023	63,922,969	$	-

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

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

The Company's authorized share capital consists of an unlimited number of Subordinate Voting Shares, an unlimited number of Special Shares, an unlimited number of Preferred Shares and 1 Super Voting Share. As at June 30, 2023, there are 63,922,968 Subordinate Voting Shares, 63,582,712 Preferred Shares, 10,105,100 Special Shares and 1 Super Voting Share outstanding. The Super Voting Share is held by Parent and is convertible into a Subordinate Voting Share on a one-for-one basis.

Holders of Subordinate Voting Shares, the Super Voting Share, and Special Shares are entitled to attend and vote at meetings of the Company's shareholders except meetings at which only holders of a particular class are entitled to vote. Holders of Subordinate Voting Shares and Special Shares are entitled to one vote per share, and the holder of the Super Voting Share is entitled to that number of votes that equals 50.1% of the aggregate number of votes attached to all of the outstanding Super Voting Shares, Subordinate Voting Shares and Special Shares at such time. Other than in respect of voting rights, the Subordinate Voting Shares and the Super Voting Share have the same rights, are equal in all respects and are treated as if they were one class of shares.

During the six months ended June 30, 2023, 99,194 Special Shares were converted into 340,256 Subordinate Voting Shares with a corresponding credit to retained earnings.

(b) Contributed surplus

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

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

(c) Accumulated other comprehensive income (loss)

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

Cumulative translation account

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

(d) Dividends

During the six months ended June 30, 2023, the Company did not declare any dividends.

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

12. Finance costs and other expenses (income)

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Interest expense on contingent consideration	$ 6	$ 55	$ 12	$ 92
Interest expense on bank debt	5,075	-	5,486	-
Interest expense on lease obligations	167	34	259	65
Foreign exchange loss (gain)	104	(1,327)	530	(1,958)
Other expenses (income)	(1,020)	584	(31)	767
Finance and other expenses (income)	$ 4,332	$ (654)	$ 6,256	$ (1,034)

13. Earnings per share

(a) Basic and diluted earnings per share

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Numerator:				
Net income (loss)	$ (489,592)	N/A	$ (1,141,157)	N/A
Denominator:				
Basic weighted average shares outstanding	74,008,247	N/A	70,914,357	N/A
Add: Effect of dilutive shares	179,098,465	N/A	165,999,955	N/A
Diluted weighted average shares outstanding	253,106,712	N/A	236,914,312	N/A
Basic and diluted earnings per share:	$ (6.62)	$ -	$ (16.09)	$ -

The number of basic and diluted shares outstanding represents the shares issued as part of a series of transactions described in note 1. The impact of diluted weighted average shares outstanding determined above is anti-dilutive due to the net loss for the three and six months ended June 30, 2023.

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

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.

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

(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 June 30, 2023 and December 31, 2022 in the financial statements are summarized below. The Company has no additional financial liabilities measured at fair value initially other than those recognized in connection with business combinations.

	June 30, 2023				December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Liabilities:								
Contingent Consideration	-	-	3,685	3,685	-	-	3,400	3,400
Preferred and Special Share Securities	-	-	2,723,195	2,723,195	-	-	-	-
	$ -	$ -	$ 2,726,880	$ 2,726,880	$ -	$ -	$ 3,400	$ 3,400

There were no transfers of fair value measurements between level 1, 2 and level 3 of the fair value hierarchy in the three and six months ended June 30, 2023 and 2022.

(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, 2022	$	7,252
Increase from business acquisitions		3,298
Settlements through cash payments and reductions in due from related parties (note 17)		(4,794)
Charges (recoveries) through profit or loss		(2,130)
Interest on contingent consideration liabilities		178
Foreign exchange and other movements		(404)
Balance at December 31, 2022	$	3,400
Contingent consideration classified as current liabilities		3,106
Contingent consideration classified as other non-current liabilities		293

Balance at January 1, 2023	$	3,400
Increase from business acquisitions (note 4)		4,062
Settlements through cash payments		(1,344)
Charges (recoveries) through profit or loss		(2,478)
Interest on contingent consideration liabilities		12
Foreign exchange and other movements		33
Balance at June 30, 2023	$	3,685
Contingent consideration classified as current liabilities		3,350
Contingent consideration classified as other non-current liabilities		335

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 six months ended June 30, 2023 and June 30, 2022 have been recorded at their estimated fair value at each reporting date. Aggregate contingent consideration of $3,685 (December 31, 2022 – $3,400) 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 ($3,147) and ($2,478) for the three and six months ended June 30, 2023, respectively (June 30, 2022 – an expense of $281 and $1,425, respectively).

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

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)		(12)
Accrued dividends recorded in profit or loss		28,102
Mark-to-market adjustments recorded in profit or loss		1,123,101
Share conversion by the holders		(4,040)
Foreign exchange and other movements		4
Balance at June 30, 2023	$	2,751,285
Preferred and Special Securities classified as current liabilities		2,751,285

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

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.

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

16. Changes in non-cash operating working capital

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Decrease (increase) in current accounts receivable	13,372	(1,813)	11,300	(4,879)
Decrease (increase) in current unbilled revenue	(2,985)	175	(7,383)	(127)
Decrease (increase) in other current assets	(2,408)	(1,930)	(1,724)	(3,092)
Decrease (increase) in inventories	31	(43)	30	(22)
Decrease (increase) in other non-current assets	1,800	312	1,701	853
Increase (decrease) in other non-current liabilities	(2,257)	(153)	(1,151)	199
Increase (decrease) in current accounts payable and accrued liabilities, excluding holdbacks from acquisitions	(2,907)	(1,596)	(12,731)	(13,306)
Increase (decrease) in current deferred revenue	(12,368)	(5,434)	(1,777)	(2,858)
Increase (decrease) in current provisions	1,366	(70)	1,344	(28)
Change in non-cash operating working capital	(6,357)	(10,552)	(10,388)	(23,260)

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 six months ended June 30, 2023, the Company expensed management fees of $499 and $821, respectively (June 30, 2022 – $785 and $1,611, respectively). At June 30, 2023, the Company had outstanding amounts due to related parties of $2,430 (December 31, 2022 – $35,466) which reflects the amount owing to the Parent for management fees and the reimbursement of expenses paid on its behalf, net of the cash sent to the Parent during the quarter.

During the six months ended June 30, 2023, the Company borrowed $115,000 from the Parent in relation to the WideOrbit acquisition, which was repaid with the proceeds from the credit facility in March 2023 (note 7). In relation to the acquisition of WideOrbit, the Company issued 8,348,967 Preferred Shares to the Parent for cash proceeds of $181,485 (note 8) and transferred cash of $10,000 to the Parent to be held in trust for the holdback consideration (note 4). During the three months ended June 30, 2023, the holdback consideration was settled, and the Company received $510 from the Parent related to the holdback consideration (note 4).

Parent makes cash and non-cash capital contributions for certain acquisitions completed by the Company. During the six months ended June 30, 2023, Parent made capital contributions of $22,451 in relation to the acquisitions described in note 4 and the common control transaction described in note 1.

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