illumin Holdings Inc.
(formerly AcuityAds Holdings Inc.)

Consolidated Financial Statements

December 31, 2023 and 2022
(Expressed in thousands of Canadian dollars)

illumin Holdings Inc.

Consolidated Statements of Financial Position
(In thousands of Canadian dollars)

	December 31, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	$ 55,455	$ 85,941
Accounts receivable	32,136	33,792
Income tax receivable	3,301	848
Prepaid expenses and other	4,123	3,153
	95,015	123,734
Non-current assets		
Deferred tax asset (note 17)	-	449
Other assets	63	248
Property and equipment (note 3)	9,329	7,117
Intangible assets (note 4)	7,618	5,229
Goodwill (note 5)	4,870	4,870
	116,895	141,647
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	26,488	26,546
Income tax payable	717	43
Borrowings (note 16)	131	4,031
Lease obligations (note 6)	1,726	2,882
	29,062	33,502
Non-current liabilities		
Borrowings (note 16)	47	191
Deferred tax liability (note 17)	1,001	1,060
Lease obligations (note 6)	6,087	3,768
	36,197	38,521
Shareholders' equity (note 8)	80,698	103,126
	116,895	141,647

The accompanying notes are an integral part of the consolidated financial statements.

illumin Holdings Inc.

Consolidated Statements of Comprehensive Loss
(In thousands of Canadian dollars, except share amounts)
For the years ended December 31, 2023 and 2022

	2023	2022
Revenue		
Managed service	$ 72,874	$ 80,978
Self-service	53,444	40,060
	126,318	121,038
Media-related costs	66,023	60,251
Gross profit	60,295	60,787
Operating expenses		
Sales and marketing (note 18)	26,104	24,043
Technology (notes 12 and 18)	19,695	16,805
General and administrative (note 18)	14,666	14,753
Share-based compensation (note 8(b))	5,725	5,851
Depreciation and amortization	5,482	4,853
	71,672	66,305
Loss from operations	(11,377)	(5,518)
Finance costs (income) (note 9)	(2,122)	544
Foreign exchange loss (gain)	2,827	(6,270)
	705	(5,726)
Net income (loss) before income taxes	(12,082)	208
Income tax expense (benefit) (note 17)	(1,095)	962
Net loss for the year	(10,987)	(754)
Basic and diluted net loss per share (note 10)	(0.20)	(0.01)
Other Comprehensive Loss		
Items that may be subsequently reclassified to net loss:		
Exchange loss on translating foreign operations	(1,860)	(901)
Comprehensive loss for the year	(12,847)	(1,655)

The accompanying notes are an integral part of the consolidated financial statements.

illumin Holdings Inc.

Consolidated Statements of Changes in Shareholders' Equity
(In thousands of Canadian dollars, except share amounts)
For the years ended December 31, 2023 and 2022

2023

	Common shares					
	Number	**$ Amount**	**Contributed surplus**	**Other reserves**	**Deficit**	**Total**
Balance – December 31, 2022	56,808,921	$ 119,933	$ 4,990	$ (455)	$ (21,342)	$ 103,126
Repurchase of common shares for cancellation (notes 8(e) and 8(f))	(5,739,676)	(12,117)	(3,196)	-	-	(15,313)
Share-based compensation (note 8(b))	-	-	5,725	-	-	5,725
Shares issued – options exercised (note 8(b))	6,667	12	(5)	-	-	7
Shares issued – DSUs/RSUs exercised (notes 8(c) and 8(d))	275,061	938	(938)	-	-	-
Other comprehensive loss	-	-	-	(1,860)	-	(1,860)
Net loss for the year	-	-	-	-	(10,987)	(10,987)
Balance – December 31, 2023	51,350,973	108,766	6,576	(2,315)	(32,329)	80,698

2022

	Common shares					
	Number	**$ Amount**	**Contributed surplus**	**Other reserves**	**Deficit**	**Total**
Balance – December 31, 2021	60,733,803	$ 126,737	$ 6,461	$ 446	$ (20,588)	$ 113,056
Shares issued – options exercised	247,866	626	(252)	-	-	374
Repurchase of common shares for cancellation (notes 8(e) and 8(f))	(4,703,780)	(9,793)	(4,707)	-	-	(14,500)
Share-based compensation (note 8(b))	-	-	5,851	-	-	5,851
Shares issued – DSUs/RSUs exercised (notes 8(c) and 8(d))	531,032	2,363	(2,363)	-	-	-
Other comprehensive loss	-	-	-	(901)	-	(901)
Net loss for the year	-	-	-	-	(754)	(754)
Balance – December 31, 2022	56,808,921	119,933	4,990	(455)	(21,342)	103,126

The accompanying notes are an integral part of the consolidated financial statements.

illumin Holdings Inc.

Consolidated Statements of Cash Flows
(In thousands of Canadian dollars)
For the years ended December 31, 2023 and 2022

	2023	2022
Cash provided by (used in)		
Operating activities		
Net loss for the year	$ (10,987)	$ (754)
Adjustments to reconcile net loss to net cash flows		
Depreciation and amortization	5,482	4,853
Finance costs (income) (note 9)	(2,122)	544
Share-based compensation (note 8(b))	5,725	5,851
Foreign exchange loss (gain)	2,827	(6,270)
Severance expense	850	50
Income tax (benefit) expense (note 17)	(1,095)	962
Change in non-cash operating working capital		
Accounts receivable	(296)	(2,819)
Prepaid expenses and other	(2,906)	125
Other assets	185	(248)
Accounts payable and accrued liabilities	(1,811)	1,881
Income taxes received (paid), net	99	(1,985)
Interest received (paid), net	2,658	(409)
	(1,391)	1,781
Investing activities		
Additions to property and equipment (note 3)	(867)	(91)
Additions to intangible assets (note 4)	(4,375)	(3,737)
	(5,242)	(3,828)
Financing activities		
Repayment of term loans (note 16)	(4,411)	(2,261)
Proceeds from international loans (note 16)	1,181	1,435
Repayment of international loans (note 16)	(1,435)	(1,886)
Payment of leases	(3,020)	(2,517)
Repurchase of common shares for cancellation (notes 8(e) and 8(f))	(15,313)	(14,500)
Proceeds from the exercise of stock options (note 8(b))	7	374
	(22,991)	(19,355)
Decrease in cash and cash equivalents	(29,624)	(21,402)
Impact of foreign exchange on cash and cash equivalents	(862)	5,134
Cash and cash equivalents – beginning of year	85,941	102,209
Cash and cash equivalents – end of year	55,455	85,941
Supplemental disclosure of non-cash transactions		
Additions to property and equipment under leases (note 3)	4,403	4,957
Other non-cash additions to property and equipment (note 3)	734	-

The accompanying notes are an integral part of the consolidated financial statements.

1 Corporate information

illumin Holdings Inc. (formerly AcuityAds Holdings Inc.) ("illumin" or the "Company"), and its wholly owned subsidiaries illumin Inc. (formerly AcuityAds Inc.), illumin Capital Inc., illumin US Inc. (formerly AcuityAds US Inc.), 140 Proof Inc., Visible Measures LLC, and ADman Interactive S.L.U. ("ADman"), a company that holds certain technology assets, is a leading provider of targeted digital media solutions, enabling advertisers to connect intelligently with their audiences across online display, video, social and mobile campaigns. illumin is a publicly traded company, incorporated in Canada, with its head office located at 70 University Ave, Suite 1200, Toronto, Ontario M5J 2M4. The Company changed its legal name from AcuityAds Holdings Inc. to illumin Holdings Inc. on June 14, 2023, and changed both of its Toronto Stock Exchange and Nasdaq Capital Market trading symbols from "AT" to "ILLM" and "ATY" to "ILLM", respectively, on April 17, 2023.

On September 11, 2023, the Company voluntarily delisted its common shares from the Nasdaq Capital Market and subsequently deregistered its common shares with the US Securities and Exchange Commission. The Company's common shares are currently listed on the Toronto Stock Exchange in Canada under the trading symbol "ILLM".

2 Material accounting policy information

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The date the board of directors of the Company (the "Board") authorized the consolidated financial statements for issue was March 6, 2024.

Basis of presentation

These consolidated financial statements are prepared in Canadian dollars ("CAD"), which is the Company's functional and reporting currency, and have been prepared mainly under the historical cost basis. Other measurement bases used are described in the applicable notes.

Use of estimates and judgements

The preparation of the consolidated financial statements and application of IFRS Accounting Standards often involve management's judgement and the use of estimates and assumptions deemed to be reasonable at the time they are made. The Company reviews estimates and underlying assumptions on an ongoing basis. Revisions are recognized in the period in which estimates are revised and may impact future periods as well. Other results may be derived with different judgements or using different assumptions or estimates and events may occur that could require a material adjustment. The following are critical accounting policies subject to such judgements and the key sources of estimation uncertainty that the Company believes could have the most significant impact on the consolidated financial statements.

- Key sources of estimation uncertainty

    i) Goodwill – Impairment – the goodwill impairment test requires a calculation to determine the recoverable amount of goodwill. Management has determined the recoverable amount by determining the higher of fair value less costs of disposal of goodwill and value in use.

- Critical judgements in applying accounting policies

i) Revenue and cost recognition – for revenue from sales of third-party services, management's judgement is applied regarding the determination of whether the Company is a principal or agent to the transactions. In making this judgement, management places significant weight on the fact that the Company has the primary responsibility for providing access to the Company's programmatic marketing platform, which is critical to the fulfillment of the customer deliverables.

Basis of consolidation

The financial results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intercompany balances and transactions and any unrealized income and expenses arising from such transactions are eliminated upon consolidation.

Revenue

Revenue is recognized based on the five-step model outlined in *IFRS 15 – Revenue Recognition from Contracts with Customers*. The Company generates revenue from the delivery of targeted digital media solutions, enabling advertisers to connect intelligently with their audiences across online display, video, social and mobile campaigns using its programmatic marketing platform. The Company offers its services on a fully managed and a self-serve basis, which is recognized over time using the output method when the performance obligation is fulfilled. The performance obligation is satisfied over time as the volume of impressions (number of ads displayed, consumer clicks on ads, or consumer actions) are delivered up to the contractual maximum for fully-managed revenue and the delivery of media inventory for self-serve revenue.

Revenue arrangements are evidenced by a fully executed insertion order ("IO"). Generally, IOs specify the number and type of advertising impressions to be delivered over a specified time at an agreed upon price and performance objectives for an ad campaign. Performance objectives are generally a measure of targeting as defined by the parties in advance, such as number of ads displayed, consumer clicks on ads or consumer actions (which may include qualified leads, registrations, downloads, inquiries, or purchases). These payment models are commonly referred to as CPM (cost per thousand impressions), CPC (cost per click) and CPA (cost per action).

The Company determines collectability by performing ongoing credit evaluations and monitoring its customers' accounts receivable balances. For new customers and their agents, which may be advertising agencies or other third parties, the Company performs a credit check with an independent credit agency and checks credit references to determine creditworthiness. The Company only recognizes revenue when collection is reasonably assured. If collection is not considered reasonably assured, revenue is recognized only once all amounts are collected. Revenue is recorded net of trade discounts and volume rebates. If it is probable that discounts will be granted and amounts can be measured reliably, then the discount is recognized as a reduction of revenue as the related sales are recognized.

In instances where the Company contracts with third party advertising agencies on behalf of their advertiser clients, a determination is made to recognize revenue on a gross or net basis based on an assessment of whether the Company is acting as the principal or an agent in the transaction. The Company is acting as the principal in these arrangements and therefore revenue earned and costs incurred are recognized on a gross basis as the Company has control and is responsible for fulfilling the advertisement delivery, establishing the selling prices and the delivery of the advertisements for fully managed revenue, providing training and updates for the self-serve proprietary platform and performing all billing and collection activities.

Amounts billed in excess of revenue recognized to date on an arrangement-by-arrangement basis are classified as deferred revenue, whereas revenue recognized in excess of amounts billed is classified as accrued receivables and included as part of accounts receivable.

Foreign currency transactions

- Transactions and balances in foreign currencies

  The Company's functional and reporting currency is CAD. Transactions in foreign currencies are translated to the Company's functional currency at exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities and related depreciation are translated at historical exchange rates. Revenue and expenses other than depreciation are translated at the average rates of exchange for the period.

- Subsidiaries with a functional currency other than CAD

  The assets and liabilities of foreign subsidiaries are translated into CAD at the rate of exchange prevailing at the reporting date, and their income statements are translated at the average rates of exchange for the period.

  Exchange rate adjustments arising on translation are recognized in other comprehensive income. On disposal of a foreign subsidiary, the component of other comprehensive income relating to that particular foreign operation is recognized in net income.

Financial instruments

- Non-derivative financial assets

  The Company initially recognizes loans and receivables and deposits on the date they originate. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

  The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

  Financial instruments are, for measurement purposes, grouped into categories. The classification depends on the purpose and is determined on initial recognition. The Company's non-derivative financial assets comprise loans and receivables.

  Cash and cash equivalents comprise cash balances and cash deposits with original maturities of three months or less.

  Loans and receivables, which include cash, accounts receivable and investment tax credits receivable, are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Accounts receivable comprise trade receivables, net of allowance for doubtful accounts. The Company has adopted the use of an expected credit loss model rather than an incurred loss analysis when evaluating the allowance for doubtful accounts receivable (note 15).

Income tax credit receivables comprise refundable Canadian income tax credits for qualifying research and development activities in Canada.

The Company's non-derivative financial liabilities consist of accounts payable and accrued liabilities, revolving line of credit, term loans and amounts due to related parties.

Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition and measurement, these financial liabilities are measured at amortized cost using the effective interest method.

Property and equipment

- Recognition and measurement

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized in net income. The costs of the day-to-day servicing of property and equipment are recognized in net income as incurred.

- Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized on a straight-line basis over the estimated useful lives of the property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

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

Furniture and fixtures	5 years
Data centre equipment	4 years
Office computer equipment	3 years
Right of use assets	Range from 3-8 years
Capital development costs	5 years

Depreciation methods, useful lives and residual values are reviewed at each year-end and adjusted if appropriate.

- Research and development

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in net income as incurred.

Expenditures on development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset.

Impairment

- Financial assets (including accounts receivable)

  A financial asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively based on the nature of the asset.

  The Company assesses on a forward-looking basis the expected credit loss associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade and other receivables, the Company applies the simplified approach permitted by *IFRS 9 – Financial Instruments* which requires expected lifetime losses to be recognized at the time of initial recognition of the receivables. Receivable balances are written off when all collection efforts are exhausted and there is no indication of recovery.

- Non-financial assets

  The carrying amounts of the Company's non-financial assets (except goodwill) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

  Goodwill is not amortized but is reviewed for impairment at least annually and whenever events or circumstances indicate the carrying amount may be impaired. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to the cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Company's cash-generating units ("CGU") generally represent either individual business units, or groups of business units that are all below the level of the Company's operating segments. The ADman CGU (as defined below) has been incorporated together with the Company CGU into a single CGU, due to operational integration.

  The recoverable amount of an asset or group of assets (cash-generating unit) is the greater of its value in use and its fair value less costs of disposal. The recoverable amount of the CGU was determined based on the value in use using a discounted cash flow model, whereby the estimated future cash flows are discounted to their present value using a discount rate. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs.

  An impairment loss is recognized if the carrying amount of an asset or the CGU to which the asset relates to exceeds its estimated recoverable amount. Impairment losses are recognized in net income. Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

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

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  - The Company has the right to operate the asset; or
  - The Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in the rate or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets in “Property and equipment” and lease liabilities in “Lease obligations” in the consolidated balance sheets.

Nature of leased assets

The Company leases various office space and equipment. Contracts are typically made for fixed periods of one to eight years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leased assets may not be used as security for borrowing purposes.

Extension and termination options

Some office leases include an option to renew the lease for an additional period after the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. Extension options are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Company reassesses its portfolio of leases to determine whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control. The Company considers all facts and circumstances when making this decision. The Company examines whether there is an economic incentive or penalty that would affect the decision to exercise the option, for example, whether the lease option is below market value or whether the Company has made significant investments in leasehold improvements. Where it is not reasonably certain that the lease will be extended or terminated, the Company will not recognize these options.

Share-based payments

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions.

The grant date fair value of share-based payment awards such as restricted share units (“RSUs") and stock options granted to employees is recognized as a share-based compensation cost, with a corresponding increase in contributed surplus, over the vesting period of the award. The amount recognized is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that vest. Upon exercising the options, the fair value of the options exercised that was initially recorded to contributed surplus is reclassified to common shares and reflected in the consolidated statements of changes in shareholders’ equity.

As part of the Company’s long-term incentives, the Company from time-to-time issues deferred share units (“DSUs”) under its long-term incentive plans. DSU awards are settled with the issuance of common shares. The share-based compensation expense for DSUs is based on the fair value at the time the award is granted. The expense is recognized as a component of share-based compensation expense with a corresponding increase to contributed surplus within shareholders’ equity. Upon redemption, the fair value of the award is reclassified from contributed surplus to share capital.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The timing or amount of the outflow may still be uncertain. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

Finance costs (income)

Finance costs comprise interest expense on the revolving line of credit, leases, and term loans. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in net income using the effective interest method. Finance income comprise interest earned on balances held at financial institutions and are recognized in net income as they are earned.

Income taxes

Income tax expense for the year comprises current and deferred income taxes. Current taxes and deferred taxes are recognized in the consolidated statements of comprehensive income, except to the extent that they relate to items recognized in other comprehensive income (“OCI”) or directly in equity. In these cases, the taxes are also recognized in OCI or directly in equity, respectively.

The Company uses the asset and liability method of accounting for deferred income taxes. Under this method, the Company recognizes deferred income tax assets and liabilities for future income tax consequences attributable to temporary differences between the financial statement carrying amounts of assets and liabilities and their respective income tax bases, and on unused tax losses and tax credit carry-forwards. The Company measures deferred income taxes using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled. The Company recognizes deferred income tax assets only to the extent that it is probable that future taxable income will be available against which the deductible temporary differences as well as unused tax losses and tax credit carry-forwards can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The Company recognizes the effect of a change in income tax rates in the year of enactment or substantive enactment.

Deferred income taxes are not recognized if they arise from the initial recognition of goodwill, nor are they recognized on temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination and that affects neither accounting nor taxable income (loss). Deferred income taxes are also not recognized on temporary differences relating to investments in subsidiaries to the extent that it is probable that the temporary differences will not reverse in the foreseeable future.

The Company records current income tax expense or recovery based on income earned or loss incurred for the year in each tax jurisdiction where it operates, and for any adjustment to taxes payable in respect of previous years, using tax laws that are enacted or substantively enacted at the consolidated statements of financial position dates.

In the ordinary course of business, there are many transactions for which the ultimate tax outcome is uncertain. The final tax outcome of these matters may be different from the estimates originally made by management in determining the Company’s income tax provisions. Management periodically evaluates the positions taken in the Company’s tax returns with respect to situations in which applicable tax rules are subject to interpretation.

The Company establishes provisions related to tax uncertainties where appropriate based on its best estimate of the amount that will ultimately be paid to or received from tax authorities.

Government assistance

Government grants and subsidies are recognized at fair value when there is reasonable assurance that they will be received, and the Company will comply with the conditions associated with the grants. To the extent that government grants are earned under the conditions of the grant prior to receipt of funds, the Company records a government grants receivable. Government grants related to operating expenses are reflected as a reduction of such expenses in the year when they are incurred (note 12).

Net income per share

Basic income per share is calculated by dividing the net income for the period by the weighted average number of common shares outstanding during the period. Diluted income per share is calculated by dividing the net income for the period by the sum of the weighted average number of common shares outstanding and the dilutive common share equivalents outstanding during the period. Common share equivalents consist of the shares issuable upon exercise of stock options and shares issuable upon exercise of common share unit options calculated using the treasury stock method. Common share equivalents are not included in the calculation of the weighted average number of shares outstanding for diluted net income per share when the effect would be anti-dilutive.

Media-related costs

Media-related costs are considered the Company’s cost of goods sold. The costs include the publishing and real time bidding costs to secure advertising space as well as the cost of data acquisition, validation and verification.

Intangible assets

The useful life of an intangible asset is either finite or infinite. Intangible assets are initially measured at fair value. Following the initial recognition, intangible assets are carried at the initial fair value less accumulated amortization and impairment losses, if any. Acquired intangible assets are recognized as intangible assets with finite lives. Amortization of customer relationships and technology is based on the estimated useful lives of these assets and is recognized on a straight-line basis over three years. Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

New accounting standards

The following amendments to standards and interpretations became effective for the annual periods beginning on or after January 1, 2023. The application of these amendments and interpretations had no significant impact on the Company’s consolidated financial position or results of operations.

Disclosure of Accounting Policies (Amendments to IAS 1). The amendments to IAS 1 require an entity to disclose its material accounting policies instead of its significant accounting policies. The amendments clarify that accounting policy information is material if users of an entity’s financial statements would need it to understand other material information in the financial statements.

Definition of Accounting Estimates (Amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors). The amendments to IAS 8 provide guidance to assist entities in distinguishing between accounting policies and accounting estimates. The amendments replace the definition of a change in accounting estimates with the definition of accounting estimates. Under the new definition, accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

Deferred Tax on Assets and Liabilities Arising from Lease and Decommissioning Obligation Transactions (Amendments to IAS 12, Income Taxes). The amendments to IAS 12 provide clarifications in accounting for deferred tax on certain transactions such as leases and decommissioning obligations. The amendments clarify that the initial recognition exemption does not apply to transactions such as leases and decommissioning obligations. As a result, entities may need to recognize both a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of leases and decommissioning obligations.

Future accounting standards

The following new and amended standards and interpretations will become effective in a future year. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective and are not expected to have a significant impact on these consolidated financial statements:

- *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)*, clarifying initial recognition and subsequent accounting for a seller-lessee account in a sale-and-leaseback transaction.
- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1, Presentation of Financial Statements),* clarifying classification requirements for liabilities as current or non-current.

The Company is in the process of assessing any potential impacts of the following:

- New requirements for lack of exchangeability (Amendments to IAS 21, The Effects of Changes in Foreign Exchange Rates) clarifying the exchange rate to use when exchangeability is lacking.

(In thousands of Canadian dollars, except share amounts)

3 Property and equipment

	Furniture and fixtures	Data center equipment	Office computer equipment	Right of use assets	Total
Cost					
As at January 1, 2023	$ 1,330	$ 52	$ 1,345	$ 19,461	$ 22,188
Additions	307	1,092	202	4,403	6,004
Dispositions	-	-	-	(4,156)	(4,156)
As at December 31, 2023	**1,637**	**1,144**	**1,547**	**19,708**	**24,036**
Accumulated depreciation					
As at January 1, 2023	907	52	1,072	13,040	15,071
Amortization	244	22	192	3,334	3,792
Dispositions	-	-	-	(4,156)	(4,156)
As at December 31, 2023	**1,151**	**74**	**1,264**	**12,218**	**14,707**
Net carrying amount					
As at January 1, 2023	423	-	273	6,421	7,117
As at December 31, 2023	**486**	**1,070**	**283**	**7,490**	**9,329**

	Furniture and fixtures	Data center equipment	Office computer equipment	Right of use assets	Total
Cost					
As at January 1, 2022	$ 1,317	$ 52	$ 1,267	$ 14,504	$ 17,140
Additions	13	-	78	4,957	5,048
As at December 31, 2022	**1,330**	**52**	**1,345**	**19,461**	**22,188**
Accumulated depreciation					
As at January 1, 2022	675	50	800	10,245	11,770
Amortization	232	2	272	2,795	3,301
As at December 31, 2022	**907**	**52**	**1,072**	**13,040**	**15,071**
Net carrying amount					
As at January 1, 2022	642	2	466	4,260	5,370
As at December 31, 2022	**423**	**-**	**273**	**6,421**	**7,117**

(In thousands of Canadian dollars, except share amounts)

4 Intangible assets

		Technology
Cost		
As at January 1, 2023	$	16,529
Additions		4,375
As at December 31, 2023		**20,904**
Accumulated depreciation		
As at January 1, 2023		11,300
Amortization		1,986
As at December 31, 2023		**13,286**
Net carrying amount		
As at January 1, 2023		5,229
As at December 31, 2023		**7,618**

		Technology
Cost		
As at January 1, 2022	$	12,792
Additions		3,737
As at December 31, 2022		**16,529**
Accumulated depreciation		
As at January 1, 2022		9,748
Amortization		1,552
As at December 31, 2022		**11,300**
Net carrying amount		
As at January 1, 2022		3,044
As at December 31, 2022		**5,229**

The Technology intangible asset is internally derived from capitalizing development costs related to revenue generating technology. During the year ended December 31, 2023, the Company capitalized $4,375 (2022 – $3,737). The 2023 addition amount includes a reversal of $1,645 related to a portion of the funding grant received attributable to previously capitalized expenses (note 12).

5 Goodwill

The recoverable amount of the CGU was determined based on the value in use using a discounted cash flow model. In assessing the goodwill for impairment, the Company compares the recoverable amount to the carrying value of its net assets excluding long-term debt. An impairment charge is recognized to the extent that the carrying value exceeds the recoverable amount. No impairment losses have been recorded against the value of goodwill since its acquisition. This approach requires assumptions about the revenue growth rate, terminal growth rate, operating margins, tax rates and discount rates. The significant assumption used in the discounted cash flow model is the revenue growth rate. The recoverable amount was determined using the

(In thousands of Canadian dollars, except share amounts)

2024 budget approved by the Board of Directors. Beyond the budgeted period and in arriving at its forecasts, the Company considered past experience, economic trends and inflation as well as industry and market trends.

No impairment charges were recognized as a result of the impairment assessment performed for the years ended December 31, 2023 and 2022. Reasonably possible changes in key assumptions would not cause the recoverable amount of goodwill to fall below the carrying value.

6 Lease obligations

	December 31, 2023	December 31, 2022
Obligations under leases	$ 7,813	$ 6,650
Less: Current portion	1,726	2,882
	6,087	3,768

7 Related party transactions and balances

Directors and officers are eligible to participate in the Company's long-term incentive plans. No stock options have been granted to directors and officers of the Company since March 31, 2020 (note 8(b)).

During the year ended December 31, 2023, the Company issued 83,664 DSUs (2022 – 144,693) to directors, all of which have vested fully on October 1, 2023. In addition to the DSUs granted, the Company paid out during the year a cash portion of directors fees to the directors of $296 (2022 – nil).

During the year ended December 31, 2023, the Company issued 898,325 (2022 – 1,176,789) RSUs to officers of the Company in lieu of cash bonuses. The officers' RSUs vest fully over a period of six to thirty-six months.

- **Transactions with executive personnel**

  The key management personnel of the Company are the officers and the directors. The remuneration of executive personnel during the years ended December 31, 2023 and 2022 was as follows:

	2023	2022
Executive compensation	$ 2,161	$ 1,794
Share-based compensation	2,786	3,682
	4,947	5,476

8 Share capital and share-based payments

a) Share capital

As at December 31, 2023, the Company had an unlimited number of common shares authorized for issuance (2022 – unlimited) and 51,350,973 common shares outstanding (2022 – 56,808,921) (without par value).

(In thousands of Canadian dollars, except share amounts)

b) Stock Option Plan and Omnibus Incentive Plan

The Company has a stock option plan (the “Stock Option Plan”), a deferred share unit plan (the “Deferred Share Unit Plan”) and an omnibus long-term incentive plan (the “Omnibus Incentive Plan”). Since the adoption of the Omnibus Incentive Plan by shareholders on June 16, 2020, the Company has stopped issuing new stock options under its Stock Option Plan and new DSUs under its Deferred Share Unit Plan. Previously issued stock options and DSUs remain outstanding and are governed by the plans under which they were initially issued.

Under the Stock Option Plan, the Board of Directors granted stock options to employees, officers, directors and consultants of the Company. The expiry date of options granted under the Stock Option Plan typically did not exceed five years from the grant date. The vesting schedule was at the discretion of the Board of Directors and was generally annually over a three-year period. The exercise price of options was equal to the market price per share on the day preceding the grant date.

The Omnibus Incentive Plan allows for a variety of equity-based awards to be granted to officers, directors, employees, and consultants (in the case of stock options and RSUs) and non-employee directors (in the case of DSUs). Stock options, RSUs and DSUs are collectively referred to herein as “Awards”. Each Award represents the right to receive common shares, or in the case of RSUs and DSUs, common shares or cash, in accordance with the terms of the Omnibus Incentive Plan.

The maximum number of common shares reserved for issuance, in the aggregate, under the Omnibus Incentive Plan, the Stock Option Plan, the Deferred Share Unit Plan of the Company and any other security-based compensation arrangement, collectively, is 15% of the aggregate number of common shares issued and outstanding from time to time. As at December 31, 2023, the Company was entitled to issue a maximum of 7,702,646 equity-based awards, collectively under the Omnibus Incentive Plan, the existing Stock Option Plan, the existing DSU Plan and any other security-based compensation arrangement. As at December 31, 2023, the Company had 6,689,168 equity-based awards outstanding.

The following table summarizes the continuity of options issued under the Stock Option Plan:

	2023		2022	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Outstanding – January 1	704,469	$ 1.60	1,094,001	$ 1.90
Forfeited or cancelled	(81,800)	1.62	(141,666)	4.06
Exercised	(6,667)	1.01	(247,866)	1.51
Outstanding – December 31	616,002	1.62	704,469	1.60
Options exercisable – December 31	616,002	1.62	661,135	1.60

(In thousands of Canadian dollars, except share amounts)

The following table summarizes the continuity of options issued under the Omnibus Incentive Plan:

	2023		2022	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Outstanding – January 1	23,334	$ 2.09	23,334	$ 2.09
Forfeited or cancelled	(6,667)	2.09	-	-
Outstanding – December 31	16,667	2.09	23,334	2.09
Options exercisable – December 31	16,667	2.09	11,668	2.09

A combined summary of the Company's stock options outstanding under the above plans is as follows:

	2023		
Range of exercise prices $	**Number of options**	**Weighted average remaining contractual life (years)**	**Weighted average number of options exercisable**
1.13	55,000	1.42	55,000
1.15	20,000	0.92	20,000
1.27	3,334	0.67	3,334
1.55	21,333	0.42	21,333
1.59	138,334	1.17	138,334
1.71	378,001	0.25	378,001
2.09	16,667	1.67	16,667
	632,669		**632,669**

	2022		
Range of exercise prices $	**Number of options**	**Weighted average remaining contractual life (years)**	**Weighted average number of options exercisable**
0.96	3,333	0.67	3,333
1.06	15,134	0.75	15,134
1.13	55,000	2.42	55,000
1.14	10,000	0.92	10,000
1.15	20,000	1.92	20,000
1.27	3,334	1.67	3,334
1.55	36,333	1.42	36,333
1.59	143,334	2.17	100,000
1.71	378,001	1.25	378,001
1.94	40,000	0.92	40,000
2.09	23,334	2.67	11,668
	727,803		**672,803**

During the year ended December 31, 2023, the Company recorded share-based compensation expense under the Black-Scholes option pricing model, related to stock options, DSUs and RSUs granted to employees, officers, directors and consultants of the Company of $5,725 (2022 – $5,851).

During the year ended December 31, 2023, 6,667 stock options under the Stock Option Plan were exercised at a weighted average price of $1.01 for gross proceeds of $7 (2022 – 247,866 were exercised at a weighted average price of $1.51 for gross proceeds of $374).

c) Deferred share units

During the year ended December 31, 2023, the Company issued 83,664 (2022 – 166,432) DSUs, of which all were issued to directors, with 75% having immediate vesting periods and 25% having vesting periods after 1 month and nil were issued to consultants of the Company. During the year ended December 31, 2023, 40,748, DSUs were exercised (2022 – 183,505).

d) Restricted share units

During the year ended December 31, 2023, the Company issued 1,652,395 (2022 – 3,057,160) RSUs to employees, officers, and consultants of the Company. During the year ended December 31, 2023, 234,313 (2022 – 347,527) RSUs were exercised.

e) Repurchase of shares for cancellation under NCIB

On May 16, 2022, the Company commenced a normal course issuer bid (“NCIB”) to purchase for cancellation up to 5,500,000 of its outstanding common shares. In April 2023, the NCIB reached the contractually obligated goal. 701,114 common shares were purchased and cancelled at an average price of $2.14 per share totaling $1,500.

On November 13, 2023, the Company commenced a new NCIB, to purchase for cancellation up to 4,330,226 of its outstanding common shares. Under this new NCIB, the Company purchased and cancelled 445,362 of its common shares at an average price of $1.52 per share totaling $676.

In total under the two NCIB programs entered into during the year, the Company repurchased 1,146,476 common shares at an average price of $1.90 per share totaling $2,176 (2022 – 4,703,780 at $3.08 for a total of $14,500).

f) Repurchase of shares for cancellation under SIB

On July 27, 2023, the Company commenced a substantial issuer bid (“SIB”) to purchase for cancellation up to 15,810,276 of its outstanding common shares for an aggregate purchase price not to exceed $40,000. The offer expired on August 30, 2023.

Pursuant to the SIB, the Company purchased for cancellation 4,593,200 of its outstanding common shares at a purchase price of $2.65 per share for an aggregate purchase price of approximately $12,172.

The total transaction costs that were associated with the SIB totaled $965, which were capitalized to common shares.

(In thousands of Canadian dollars, except share amounts)

9 Finance costs (income)

The following is a breakdown of the Finance costs (income) for the years ended December 31, 2023 and 2022:

	2023	2022
Interest on leases and other interest	$ 437	$ 524
Interest income	(3,275)	(381)
Interest and fees on term loans (note 16(a))	716	401
	(2,122)	544

10 Net loss per share

The computations for basic and diluted net loss per share for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Net loss for the period	$ (10,987)	$ (754)
Weighted average number of shares outstanding – basic	54,650,380	59,065,118
Net loss per share – basic	$ (0.20)	$ (0.01)
Dilutive effect of stock options	-	-
Dilutive effect of DSUs	-	-
Dilutive effect of RSUs	-	-
Diluted weighted average number of shares outstanding	54,650,380	59,065,118
Net loss per share – diluted	$ (0.20)	$ (0.01)
Items excluded from the calculation of diluted net loss per share due to their anti-dilutive effect:		
Stock options, DSUs, and RSUs	6,689,168	5,645,525

Net loss per share is calculated by dividing the net loss by the weighted average number of shares outstanding during the relevant period. Diluted weighted average number of shares reflects the dilutive effect of equity instruments, such as any “in the money” stock options, RSUs, or DSUs. In the years with reported net losses, all stock options, RSUs, and DSUs are deemed anti-dilutive such that basic net loss per share and diluted net loss per share are equal, and thus “in the money” stock options, RSUs, and DSUs have not been included in the computation of net loss per share because to do so would be anti-dilutive.

11 Segment information

The Company’s CEO has been identified as the chief operating decision maker (“CODM”). The CODM reviews financial information, makes decisions, and assesses the performance of the Company as a single operating segment. The Company’s assets and operations are substantially located in Canada, however, the Company also has employees and customers in the United States, Europe, and LATAM and generates revenue in each region. Revenue by region for the years ended December 31, 2023, and 2022 is as follows:

(In thousands of Canadian dollars, except share amounts)

	2023	2022
United States	$ 77,488	$ 81,877
Canada	12,515	17,243
Europe, LATAM, & other	36,315	21,918
	126,318	121,038

During the years ended December 31, 2023 and 2022, the Company did not have any customers that represented greater than 10% of total revenue.

12 Government assistance

On October 6, 2023, the Company secured a funding commitment of up to a maximum of $10,000 from the National Research Council's Industrial Research Assistance Program towards eligible research and development expenses. The commitment covers expenses incurred for the period April 1, 2023 to December 31, 2024. During the year ended December 31, 2023, $4,169 of eligible expenses for recovery was recognized as: (a) a reduction to technology costs and sales & marketing costs on the Statement of Comprehensive Loss amounting to $2,524 and (b) a reduction of capitalized development expenses (intangible assets) amounting to $1,645 (note 4).

13 Financial instruments

Classification of financial instruments

The following table provides the allocation of financial instruments and their associated financial instrument classifications:

	Loans and receivables/ financial liabilities (Amortized cost)	
Measurement basis	**December 31, 2023**	**December 31, 2022**
Financial assets		
Cash and cash equivalents	$ 55,455	$ 85,941
Accounts receivable	32,136	33,792
Other assets	4,123	-
	91,714	119,733
Financial liabilities		
Accounts payable and accrued liabilities	$ 26,488	$ 26,545
Term loans	-	3,791
International loans	178	432
Lease obligations	7,813	6,650
	34,479	37,418

Fair value measurements

The Company provides disclosure of the three-level hierarchy that reflects the significance of the inputs used in making the fair value measurement. The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, lease obligations, and term loans approximate their fair values given their short-term nature. The carrying value of the non-current liabilities approximates their fair value, given that the difference between the discount rates used to recognize the liabilities in the consolidated statements of financial position and the market rates of interest is not considered significant. The three levels of fair value hierarchy based on the reliability of inputs are as follows:

- Level 1 – inputs are quoted prices in active markets for identical assets and liabilities.
- Level 2 – inputs are based on observable market data, either directly or indirectly other than quoted prices; and
- Level 3 – inputs are not based on observable market data.

There were no transfers of financial assets during the year ended December 31, 2023, and 2022 between any of the levels.

14 Capital risk management

The Company's objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of organic growth combined with strategic acquisitions and to provide returns to its shareholders. The Company defines capital that it manages as the aggregate of its shareholders' equity, which comprises issued capital, contributed surplus and deficit. The Company manages its capital structure and makes adjustments to it in working capital requirements. In order to maintain or adjust its capital structure, the Company, upon approval from the Board, may issue shares, repurchase shares, pay dividends or undertake other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements.

15 Financial risk management

The Board has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's risk management policies on an annual basis. Management identifies and evaluates financial risks and is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises from the Company's accounts receivable and cash. As of December 31, 2023, two customers represented more than 5% of the gross accounts receivable balance of $32,262. As of December 31, 2022, three customers each represented more than 5% of the gross accounts receivable balance of $34,320.

The Company reviews the components of these accounts on a regular basis to evaluate and monitor this risk. The Company's customers are generally financially established organizations, which limits the credit risk relating to the customers. In addition, credit reviews by the Company take into account the counterparty's financial position, past experience and other factors.

As at December 31, 2023, the allowance for expected credit loss was $126 (2022 – $528). In establishing the appropriate allowance for expected credit loss, management makes assumptions with respect to the future collectability of the receivables. Assumptions are based on an individual assessment of a customer's credit quality as well as subjective factors and trends. As at December 31, 2023, 63% of the Company's customers were current, 23% were from 1 to 30 days, 8% were from 31 to 60 days, 2% were from 61 to 90 days, and 4% were greater than 90 days.

(In thousands of Canadian dollars, except share amounts)

The Company, from time to time, invests its excess cash in accounts with Canadian Schedule I banks with the objective of maintaining the safety of the principal and providing adequate liquidity to meet current payment obligations and future planned capital expenditures and with the secondary objective of maximizing the overall yield of the portfolio. The Company's cash as of December 31, 2023 was not subject to external restrictions. Investments must be rated at least investment grade by recognized rating agencies. The Canada Deposit Insurance Corporation provides insurance of up to $100 per depositor, per insured bank, for each account ownership category on Canadian-domiciled bank accounts. The Federal Deposit Insurance Corporation also provides insurance on U.S.-domiciled bank accounts. The standard deposit insurance amount is $250 U.S. per depositor, per insured bank, for each account ownership category. The Company's bank account deposits exceed these insured amounts.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity is to ensure, to the extent possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages its liquidity risk by continually monitoring forecasted and actual revenue and expenditures and cash flows from operations. Management is also actively involved in the review and approval of planned expenditures. The Company's principal cash requirements are for lease obligations, capital expenditures and working capital needs. The Company uses its operating cash flows, loans and borrowings and cash balances to maintain liquidity. In the event that future cash flows from operations are lower than expected, the Company may need to seek additional financing, either by issuing additional equity or by undertaking additional borrowings. There is no certainty that additional financing will be available or that it will be available on attractive terms.

The following are the contractual maturities for the financial liabilities:

					December 31, 2023
	Carrying amount	**Total contractual cash flows**	**Less than 1 year**	**1 to 3 years**	**> 3 years**
Accounts payable and accrued liabilities	$ 26,488	$ 26,488	$ 26,488	$ -	$ -
International loans	178	178	131	47	-
Term loans	-	-	-	-	-
Lease obligations	7,813	10,019	2,287	3,618	4,114
	34,479	36,685	28,906	3,665	4,114

(In thousands of Canadian dollars, except share amounts)

	December 31, 2022				
	Carrying amount	Total contractual cash flows	Less than 1 year	1 to 3 years	> 3 years
Accounts payable and accrued liabilities	$ 26,546	$ 26,546	$ 26,546	$ -	$ -
International loans	431	431	241	190	-
Term loans	3,791	3,963	3,963	-	-
Lease obligations	6,650	7,113	2,882	3,092	1,139
	37,418	38,053	33,632	3,282	1,139

Interest rate risk

Interest rate risk is the risk of financial loss to the Company if interest rates increase on interest-bearing instruments. The Company has various revolving lines of credit and term loans (see Note 16) with interest rates that the Company believes are consistent with market interest rates for this type of debt.

Foreign exchange or currency risk

The Company is exposed to foreign exchange risk from sale and purchase transactions, as well as recognized financial assets and liabilities denominated in U.S. dollars. The Company's main objective in managing its foreign exchange risk is to maintain U.S. cash on hand to support US forecasted obligations and cash flows. To achieve this objective, the Company monitors forecasted cash flows in foreign currencies and attempts to mitigate the risk by modifying the nature of cash held.

If a shift in foreign currency exchange rates of 10% were to occur, the foreign exchange gain or loss on the Company's net monetary assets could change by approximately $5,744 due to the fluctuation and this would be recorded in the consolidated statements of comprehensive income.

Balances held in U.S. dollars are as follows in CAD:

	December 31, 2023	December 31, 2022
Cash	$ 49,691	$ 82,257
Accounts receivable	17,677	24,157
Accounts payable	9,930	13,050
Term loan	-	3,791

16 Borrowings

a) **Term Loan**

During the year ended December 31, 2020, the Company had a secured term loan with Silicon Valley Bank ("SVB") that expired on April 1, 2024 with total availability of U.S. $7,750 bearing interest at the greater of prime plus 0.60% and 3.85%. On May 31, 2023, the term loan was repaid in full including any

(In thousands of Canadian dollars, except share amounts)

and all outstanding interest and the Company has no further outstanding obligations to SVB as at May 31, 2023.
The following table outlines the activity of the term loan during the years ended December 31, 2023 and 2022:

		2023		2022
Balance – January 1	$	3,791	$	5,917
Accrued interest		716		401
Payment of interest		(116)		(266)
Principal amount repaid		(4,411)		(2,261)
Exchange		20		-
Balance – December 31		-		3,791

b) **International loans**

International term loans

International term loans outstanding amounted to $178 (€122) as at December 31, 2023 (2022: $416: €288). The interest rates for these unsecured term loans range from 1.75% to 2.25% with maturity dates ranging from May 22, 2024 to May 21, 2025.

Lines of credit

The lines of credit payable amounted to nil (€nil) as at December 31, 2023 (2022: $15: €10) and were secured against certain accounts receivable. The interest rates on these lines of credit range from 2.90% to Euribor plus 1.95% with maturity dates ranging from August 6, 2023 to April 16, 2026 during the years ended December 31, 2023 and 2022.

The following table outlines the current portion and non-current portion of the borrowings:

		December 31, 2023		December 31, 2022
Current portion of term loan	$	-	$	3,791
Current portion of international loans		131		240
Total current borrowings		131		4,031
Non-current portion of term loan		-		-
Non-current portion of international loans		47		191
Total borrowings		178		4,222

(In thousands of Canadian dollars, except share amounts)

17 Income tax expense (benefit)

Income tax expense

A reconciliation between income tax expense (benefit) and accounting income (loss) multiplied by the Company's domestic tax rate for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
Income before income taxes	$ (12,082)	$ 208
Income tax expense at the Company's statutory tax rate of 26.5% (2022 – 26.5%)	(3,202)	55
Increase (decrease) in income taxes resulting from		
Permanent differences	1,786	1,443
Prior year true-up	(2,904)	1
Changes in unrecognized temporary differences	2,767	(198)
Effect of foreign subsidiaries	59	(82)
Prior year loss applied in current year previously not recognized	252	(274)
Other	146	39
Rate adjustment	1	(22)
Income tax expense (benefit)	(1,095)	962
Current tax expense	(1,485)	270
Deferred tax expense (benefit)	390	692
Income tax expense	(1,095)	962

Deferred taxes

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. The Company records deferred income tax recovery on losses in comprehensive income, when management views that it is probable that the deferred tax assets will be realized, based on historical profitability and forecasted future profitability.

Deferred tax asset (liability) as at December 31, 2023 and 2022 comprised the following:

	2023	2022
Non-capital loss carryforwards	$ -	$ 386
Property and equipment	(2,180)	(1,226)
Financing fees	27	72
Lease liabilities	1,152	157
Deferred tax asset (liability), net	(1,001)	(611)

(In thousands of Canadian dollars, except share amounts)

As at December 31, 2023, the Canadian companies had non-capital losses of approximately $9,498 that are available to reduce future taxable income and for which a benefit has not currently been recognized in the consolidated financial statements. The non-capital losses will expire as follows:

2030	$	18
2031		20
2032		20
2033		79
2034		500
2035		559
2036		750
2037		985
2038		1,102
2039		1,398
2040		1,563
2041		1,031
2042		521
2043		952

Deferred tax assets have not been recognized for the Company's operations in Canada in respect of the following items:

		2023		2022
Non-capital loss carryforwards	$	2,517	$	23,462
Taxable temporary differences		855		(686)
		3,372		22,776

Deferred tax assets have not been recognized for the Company's operations in the US in respect of the following items:

		2023		2022
Non-capital loss carryforwards	$	23,123	$	23,462
Donation		-		2
Property and equipment		(338)		(746)
Non deductible interest 163(j)		3		57
		22,788		22,775

As at December 31, 2023, the Company had US non-capital losses of approximately $98,717 which are available to reduce future taxable income and for which no benefit has currently been recognized in the consolidated financial statements. Certain of those losses are restricted under the Internal Revenue Code, Section 382, and amounted to $94,227. If unused, the non-capital losses incurred from before 2018 will expire from 2028 through 2037.

Under the CARES Act, businesses can still carry forward Net Operating Losses ("NOLs") indefinitely. Indefinite NOLs are NOLs generated in a tax year beginning after 2017. This indefinite carry-forward period includes any NOLs from 2018, 2019 and 2020 that remain after they are carried back to tax years in the five-year carry-back period.

(In thousands of Canadian dollars, except share amounts)

18 Expense by nature

The following is a breakdown of the expenses by nature for the years ended December 31, 2023 and 2022:

	2023	2022
Employee wages, salaries, and benefits	$ 34,123	$ 32,925
Hosting and data costs	6,994	6,359
Contractor consulting fees	5,106	3,855
Travel and entertainment	2,833	2,527
Professional fees	2,360	2,593
Advertising and promotion	2,502	1,469
Insurance	2,350	2,724
Office technology	1,376	579
Public company fees	899	779
Other	1,922	1,791
	60,465	55,601