illumin Holdings Inc.
(formerly AcuityAds Holdings Inc.)

Condensed Interim Consolidated Financial Statements
(Unaudited)

Three months ended March 31, 2024 and 2023
(Expressed in thousands of Canadian dollars)

illumin Holdings Inc.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited)
(In thousands of Canadian dollars)

	March 31, 2024	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	$ 55,540	$ 55,455
Accounts receivable	22,011	32,136
Income tax receivable	3,517	3,301
Prepaid expenses and other	4,569	4,123
	85,637	95,015
Non-current assets		
Other assets	64	63
Property and equipment (note 3)	8,590	9,329
Intangible assets (note 4)	8,024	7,618
Goodwill	4,870	4,870
	107,185	116,895
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	19,251	26,488
Income tax payable	1,116	717
Borrowings (note 15)	131	131
Lease obligations (note 5)	1,733	1,726
	22,231	29,062
Non-current liabilities		
Borrowings (note 15)	14	47
Deferred tax liability	1,092	1,001
Lease obligations (note 5)	5,661	6,087
	28,998	36,197
Shareholders' equity (note 7)	78,187	80,698
	107,185	116,895

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

illumin Holdings Inc.
Condensed Interim Consolidated Statements of Comprehensive Loss
(Unaudited)
(In thousands of Canadian dollars, except share amounts)
For the three months ended March 31, 2024 and 2023

	2024	2023
Revenue		
Managed service	$ 11,760	$ 16,950
Self-service illumin	8,379	2,173
Programmatic	4,813	7,373
	24,952	26,496
Media-related costs	13,327	14,018
Gross profit	11,625	12,478
Operating expenses		
Sales and marketing (notes 11 and 16)	5,313	6,097
Technology (notes 11 and 16)	4,526	4,951
General and administrative (notes 11 and 16)	2,374	2,752
Share-based compensation (note 7(b))	699	1,342
Depreciation and amortization	1,365	1,491
	14,277	16,633
Loss from operations	(2,652)	(4,155)
Finance income, net (note 8)	(506)	(717)
Foreign exchange loss (gain)	(1,386)	54
	(1,892)	(663)
Net loss before income taxes	(760)	(3,492)
Income tax expense (note 17)	378	70
Net loss for the period	(1,138)	(3,562)
Basic and diluted net loss per share (note 9)	(0.02)	(0.06)
Other Comprehensive Loss		
Items that may be subsequently reclassified to net loss:		
Exchange loss on translating foreign operations	(164)	(300)
Comprehensive loss for the period	(1,302)	(3,862)

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

illumin Holdings Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Unaudited)
(In thousands of Canadian dollars, except share amounts)
For the three months ended March 31, 2024 and 2023

2024

	Common shares					
	Number	**$ Amount**	**Contributed surplus**	**Other reserves**	**Deficit**	**Total**
Balance – December 31, 2023	51,350,973	$ 108,766	$ 6,576	$ (2,315)	$ (32,329)	$ 80,698
Repurchase of common shares for cancellation (note 7(e))	(1,148,342)	(2,441)	529	-	-	(1,912)
Share-based compensation (note 7(b))	-	-	699	-	-	699
Shares issued – options exercised (note 7(b))	3,333	7	(3)	-	-	4
Shares issued – DSUs/RSUs exercised (notes 7(c) and 7(d))	2,057,411	5,839	(5,839)	-	-	-
Other comprehensive loss	-	-	-	(164)	-	(164)
Net loss for the period	-	-	-	-	(1,138)	(1,138)
Balance – March 31, 2024	52,263,375	112,171	1,962	(2,479)	(33,467)	78,187

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
Share-based compensation (note 7(b))	-	-	1,342	-	-	1,342
Shares issued – DSUs/RSUs exercised (notes 7(c) and 7(d))	15,668	121	(121)	-	-	-
Other comprehensive loss	-	-	-	(300)	-	(300)
Net loss for the period	-	-	-	-	(3,562)	(3,562)
Balance – March 31, 2023	56,824,589	120,054	6,211	(755)	(24,904)	100,606

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

illumin Holdings Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited)
(In thousands of Canadian dollars)
For the three months ended March 31, 2024 and 2023

	2024	2023
Cash provided by (used in)		
Operating activities		
Net loss for the period	$ (1,138)	$ (3,562)
Adjustments to reconcile net loss to net cash flows		
Depreciation and amortization	1,365	1,491
Finance income, net (note 8)	(506)	(717)
Share-based compensation (note 7(b))	699	1,342
Foreign exchange loss (gain)	(1,386)	54
Severance expense	90	-
Income tax expense	378	70
Change in non-cash operating working capital		
Accounts receivable	10,447	6,684
Prepaid expenses and other	427	(875)
Other assets	(1)	10
Accounts payable and accrued liabilities	(6,151)	(7,611)
Income taxes paid, net	(52)	(27)
Interest received, net	495	751
	4,667	(2,390)
Investing activities		
Additions to property and equipment (note 3)	(775)	(294)
Additions to intangible assets (note 4)	(1,761)	(1,206)
	(2,536)	(1,500)
Financing activities		
Repayment of term loans (note 15)	-	(653)
Proceeds from international loans (note 15)	-	13
Repayment of international loans (note 15)	(33)	(99)
Payment of leases	(510)	(820)
Repurchase of common shares for cancellation (note 7(e))	(1,912)	-
Proceeds from the exercise of stock options (note 7(b))	4	-
	(2,451)	(1,559)
Decrease in cash and cash equivalents	(320)	(5,449)
Impact of foreign exchange on cash and cash equivalents	405	(341)
Cash and cash equivalents – beginning of period	55,455	85,941
Cash and cash equivalents – end of period	55,540	80,151
Supplemental disclosure of non-cash transactions		
Additions to property and equipment under leases (note 3)	-	45
Reversal of prior year non-cash additions to property and equipment (note 3)	(734)	-

The accompanying notes are an integral part of the condensed interim 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 its Toronto Stock Exchange trading symbol from "AT" to "ILLM", 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 condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting. The date the board of directors of the Company (the "Board") authorized the condensed interim consolidated financial statements for issue was May 8, 2024.

Basis of presentation

These condensed interim 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.

Effective January 1, 2024, the Company changed its presentation of Self-service revenue to disaggregate it into "Self-service illumin" and "Programmatic" revenue. As the legacy self-service platform phased out, revenues earned from self-service illumin platform are reported under Self-service illumin revenue. All revenue transactions generated from buying and selling of ad inventory through other bidding systems are reported under Programmatic revenue.

Material accounting policies

The disclosures contained in these unaudited condensed interim consolidated financial statements do not include all the requirements of IFRS Accounting Standards for annual financial statements. The unaudited condensed interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2023. The unaudited condensed interim consolidated financial statements are based on accounting policies, as described in note 2 to the 2023 audited annual consolidated financial statements.

New accounting standards

The following amendments to standards and interpretations became effective for the annual periods beginning on or after January 1, 2024. The application of these amendments and interpretations had no significant impact on the Company's condensed interim consolidated financial position or results of operations.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1, Presentation of Financial Statements). The amendments to IAS 1 clarify the classification requirements for liabilities as current or non-current. A company will classify a liability as non-current if it has a right to defer settlement for at least 12 months after the reporting date. Covenants of loan arrangements which an entity must comply with on or before the reporting date would affect classification as current or non-current, even if the covenant is only assessed after the entity's reporting date. The amendments also clarify how a company classifies a liability that can be settled in its own shares.

Disclosure on Supplier Finance Arrangements (Amendments to IAS 7, Statement of Cash Flows & IFRS 7, Financial Instruments). The amendments to IAS 7 & IFRS 7 require an entity to disclose its supplier finance arrangements that would enable users to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16, Leases). The amendments to IFRS 16 clarify initial recognition and subsequent accounting for a seller-lessee account in a sale-and-leaseback transaction. On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

Future accounting standards

The following new and amended standards and interpretations will become effective in a future year. 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, effective date January 1, 2025) 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, 2024	$ 1,637	$ 1,144	$ 1,547	$ 19,708	$ 24,036
Additions	-	-	40	-	40
As at March 31, 2024	**1,637**	**1,144**	**1,587**	**19,708**	**24,076**
Accumulated depreciation					
As at January 1, 2024	1,151	74	1,264	12,218	14,707
Amortization	62	59	53	605	779
As at March 31, 2024	**1,213**	**133**	**1,317**	**12,823**	**15,486**
Net carrying amount					
As at January 1, 2024	486	1,070	283	7,490	9,329
As at March 31, 2024	**424**	**1,011**	**270**	**6,885**	**8,590**

	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	268	-	25	45	338
As at March 31, 2023	**1,598**	**52**	**1,370**	**19,506**	**22,526**
Accumulated depreciation					
As at January 1, 2023	907	52	1,072	13,040	15,071
Amortization	53	-	29	972	1,054
As at March 31, 2023	**960**	**52**	**1,101**	**14,012**	**16,125**
Net carrying amount					
As at January 1, 2023	423	-	273	6,421	7,117
As at March 31, 2023	**638**	**-**	**269**	**5,494**	**6,401**

(In thousands of Canadian dollars, except share amounts)

4 Intangible assets

	2024	2023
Cost – Technology		
As at January 1	$ 20,904	$ 16,529
Additions	992	1,206
As at March 31	**21,896**	**17,735**
Accumulated depreciation – Technology		
As at January 1	13,286	11,300
Amortization	586	437
As at March 31	**13,872**	**11,737**
Net carrying amount – Technology		
As at January 1	7,618	5,229
As at March 31	**8,024**	**5,998**

The Technology intangible asset is internally derived from capitalizing development costs related to revenue generating technology. During the three months ended March 31, 2024, the Company capitalized $2,150, which was reduced by $1,158 of funding from the National Research Council's Industrial Research Assistance Program ("IRAP") (see Note 11), for a net capitalization of $992 (2023 – $1,206). As at March 31, 2024, the Company had recorded a receivable of $769 from IRAP related to capitalized development costs.

5 Lease obligations

	March 31, 2024	December 31, 2023
Obligations under leases	$ 7,394	$ 7,813
Less: Current portion	1,733	1,726
	5,661	6,087

6 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 7(b)).

During the three months ended March 31, 2024, the Company issued nil DSUs (2023 – nil) to directors and recognized $73 in director fees (2023 – nil).

During the three months ended March 31, 2024, the Company issued 748,360 (2022 – 898,325) RSUs to officers of the Company in lieu of cash bonuses. The officers' RSUs vest fully over a period of six to 36 months.

7 Share capital and share-based payments

a) Share capital

As at March 31, 2024, the Company had an unlimited number of common shares authorized for issuance (2023 – unlimited) and 52,263,375 common shares outstanding (2023 – 56,824,589) (without par value).

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 March 31, 2024, the Company was entitled to issue a maximum of 7,839,506 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 March 31, 2024, the Company had 4,424,378 equity-based awards outstanding.

(In thousands of Canadian dollars, except share amounts)

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

	2024		2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding – January 1	616,002	$ 1.62	704,469	$ 1.60
Forfeited or cancelled	(378,001)	1.71	(15,000)	1.55
Exercised	(3,333)	1.27	-	-
Outstanding – March 31	234,668	1.44	689,469	1.60
Options exercisable – March 31	234,668	1.44	689,469	1.60

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

	2024		2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding – January 1	16,667	$ 2.09	23,334	$ 2.09
Outstanding – March 31	16,667	2.09	23,334	2.09
Options exercisable – March 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:

	2024		
Range of exercise prices $	Number of options	Weighted average remaining contractual life (years)	Weighted average number of options exercisable
1.13	55,000	1.17	55,000
1.15	20,000	0.67	20,000
1.27	1	0.42	1
1.55	21,333	0.17	21,333
1.59	138,334	0.92	138,334
2.09	16,667	1.42	16,667
	251,335		**251,335**

(In thousands of Canadian dollars, except share amounts)

			2023
Range of exercise prices $	**Number of options**	**Weighted average remaining contractual life (years)**	**Weighted average number of options exercisable**
0.96	3,333	0.42	3,333
1.06	15,134	0.50	15,134
1.13	55,000	2.17	55,000
1.14	10,000	0.67	10,000
1.15	20,000	1.67	20,000
1.27	3,334	1.42	3,334
1.55	21,333	1.17	21,333
1.59	143,334	1.92	143,334
1.71	378,001	1.00	378,001
1.94	40,000	0.67	40,000
2.09	23,334	2.42	11,668
	712,803		**701,137**

During the three months ended March 31, 2024, 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 $699 (2023 – $1,342).

During the three months ended March 31, 2024, 3,333 stock options under the Stock Option Plan were exercised at a weighted average price of $1.27 for gross proceeds of $4 (2023 – nil).

c) Deferred share units

During the three months ended March 31, 2024, the Company issued nil (2023 – nil) DSUs and 8,249 DSUs were exercised (2023 – 4,166).

d) Restricted share units

During the three months ended March 31, 2024, the Company issued 771,953 (2023 – 1,172,268) RSUs to employees, officers, and consultants of the Company and 2,049,162 (2023 – 11,502) RSUs were exercised.

e) Repurchase of shares for cancellation under NCIB

On November 13, 2023, the Company commenced a new normal course issuer bid ("NCIB"), to purchase for cancellation up to 4,330,226 of its outstanding common shares. During the three months ended March 31, 2024 under this new NCIB, the Company purchased and cancelled 1,148,342 of its common shares at an average price of $1.66 per share totaling $1,912 (2023 – nil).

(In thousands of Canadian dollars, except share amounts)

8 Finance income, net

The following is a breakdown of finance income and costs for the three months ended March 31, 2024 and 2023:

	2024	2023
Interest on leases and other interest	$ 94	$ 67
Interest income	(600)	(891)
Interest and fees on term loans (note 15(a))	-	107
	(506)	(717)

9 Net loss per share

The computations for basic and diluted net loss per share for the three months ended March 31, 2024 and 2023 were as follows:

	2024	2023
Net loss for the period	$ (1,138)	$ (3,562)
Weighted average number of shares outstanding – basic	51,111,665	56,811,532
Net loss per share – basic	$ (0.02)	$ (0.06)
Dilutive effect of stock options	-	-
Dilutive effect of DSUs	-	-
Dilutive effect of RSUs	-	-
Diluted weighted average number of shares outstanding	51,111,665	56,811,532
Net loss per share – diluted	$ (0.02)	$ (0.06)
Items excluded from the calculation of diluted net loss per share due to their anti-dilutive effect:		
Stock options, DSUs, and RSUs	4,424,378	6,681,030

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 periods 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.

10 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.

(In thousands of Canadian dollars, except share amounts)

Revenue by region for the three months ended March 31, 2024 and 2023 was as follows:

	2024	2023
United States	$ 17,097	$ 17,301
Canada	3,386	2,726
Europe, LATAM, & other	4,469	6,469
	24,952	26,496

During the three months ended March 31, 2024, the Company had one customer that represented greater than 10% of total revenue (2023 – no customers represented more than 10% of total revenue).

11 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 three months ended March 31, 2024, $1,547 (2023 – nil) of eligible costs for recovery was recognized from IRAP. Of this amount, $1,158 was recognized as a reduction to capitalized development costs on the Statement of Financial Position and $389 was recognized as a reduction to technology costs, sales and marketing costs, and general and administrative costs on the Statement of Comprehensive Loss.

12 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	**March 31, 2024**	**December 31, 2023**
Financial assets		
Cash and cash equivalents	$ 55,540	$ 55,455
Accounts receivable	22,011	32,136
Other assets	4,569	4,123
	82,120	91,714
Financial liabilities		
Accounts payable and accrued liabilities	$ 19,251	$ 26,488
International loans	145	178
Lease obligations	7,394	7,813
	26,790	34,479

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 and liabilities during the three months ended March 31, 2024 and 2023 between any of the levels.

13 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.

14 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 March 31, 2024, two customers each represented more than 5% of the gross accounts receivable balance of $22,125. As of December 31, 2023, one customer represented more than 5% of the gross accounts receivable balance of $32,262.

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.

(In thousands of Canadian dollars, except share amounts)

As at March 31, 2024, the allowance for expected credit loss was $114 (December 31, 2023 – $126). 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 March 31, 2024, 67% of the Company's customers were current, 17% were from 1 to 30 days, 6% were from 31 to 60 days, 6% were from 61 to 90 days, and 4% were greater than 90 days.

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 March 31, 2024 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:

					March 31, 2024
	Carrying amount	**Total contractual cash flows**	**Less than 1 year**	**1 to 3 years**	**> 3 years**
Accounts payable and accrued liabilities	$ 19,251	$ 19,251	$ 19,251	$ -	$ -
International loans	145	145	131	14	-
Lease obligations	7,394	9,530	2,301	3,333	3,896
	26,790	28,926	21,683	3,347	3,896

(In thousands of Canadian dollars, except share amounts)

	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	-
Lease obligations	7,813	10,019	2,287	3,618	4,114
	34,479	36,685	28,906	3,665	4,114

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 15) 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 $5,766 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:

	March 31, 2024	**December 31, 2023**
Cash	$ 50,096	$ 49,691
Accounts receivable	14,194	17,677
Accounts payable	6,633	9,930

15 Borrowings

a) Term Loan

During the year ended 2020, the Company had a secured term loan with Silicon Valley Bank ("SVB") that expires April 1, 2024 with total availability of US$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 and all outstanding interest and the Company has no further outstanding obligations to SVB as of May 31, 2023.

(In thousands of Canadian dollars, except share amounts)

The following table outlines the activity of the term loan during the three months ended March 31, 2024, and 2023:

	2024	2023
Balance – January 1	$ -	$ 3,791
Accrued interest	-	107
Payment of interest	-	(73)
Principal amount repaid	-	(653)
Exchange	-	(4)
Balance – March 31	-	3,168

b) **International loans**

International term loans

International term loans outstanding amounted to $145 (€100) as at March 31, 2024 (December 31, 2023: $178 (€122)). 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 March 31, 2024 (December 31, 2023: $nil (€nil)).

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

	March 31, 2024	December 31, 2023
Current portion of international loans	131	131
Non-current portion of international loans	14	47
Total borrowings	145	178

(In thousands of Canadian dollars, except share amounts)

16 Expense by nature

The following is a breakdown of the expenses by nature for the three months ended March 31, 2024 and 2023:

	2024	2023
Employee wages, salaries, and benefits	$ 6,585	$ 8,260
Hosting and data costs	1,894	1,592
Contractor consulting fees	1,183	1,039
Travel and entertainment	511	684
Professional fees	333	448
Advertising and promotion	172	312
Insurance	570	638
Office technology	402	312
Public company fees	180	112
Other	383	402
	12,213	13,800

17 Income tax expense (benefit)

During the three months ended March 31, 2024, the Company recognized on a consolidated basis a current tax expense and current tax payable of $288, and a deferred tax expense and deferred tax liability of $90.