

illumin Holdings Inc.
(formerly AcuityAds Holdings Inc.)

Consolidated Financial Statements

December 31, 2024 and 2023
(Expressed in thousands of Canadian dollars)



Independent auditor's report

To the Shareholders of illumin Holdings Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of illumin Holdings Inc. and its subsidiaries (together, the Company) as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2024 and 2023;
- the consolidated statements of comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

How our audit addressed the key audit matter

Impairment assessment of goodwill

Refer to note 2 – Material accounting policy information and note 5 – Goodwill to the consolidated financial statements.

The carrying amount of the Company's goodwill was \$4.9 million as at December 31, 2024. Management performs an impairment assessment at least annually and whenever events or circumstances indicate that the carrying amount may be impaired. An impairment loss is recognized if the carrying amount of the cash generating unit (CGU) to which the goodwill relates exceeds its estimated recoverable amount. The recoverable amount of a CGU 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. The significant assumption used in the discounted cash flow model is the revenue growth rate. No impairment charge was recognized as a result of the impairment assessment performed for the year ended December 31, 2024.

We considered this a key audit matter due to the significant judgment by management in determining the recoverable amount of the CGU. This has resulted in auditor judgment, subjectivity and audit effort in performing procedures to test the significant assumption related to the revenue growth rate.

Our approach to addressing the matter included the following procedures, among others:

- Evaluated how management determined the recoverable amount of the CGU, which included the following:
 - Tested the appropriateness of the approach used and the mathematical accuracy of the discounted cash flow model.
 - Tested the reasonableness of the revenue growth rate for each year by comparing the revenue growth rate to current and historical results and considering the consistency with third party industry data.
 - Tested the underlying data used in the discounted cash flow model.



Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and



are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Anne Tauber.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 13, 2025

illumina Holdings Inc.

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

	December 31, 2024	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 55,952	\$ 55,455
Accounts receivable	44,650	32,136
Income tax receivable	613	3,301
Prepaid expenses and other	2,864	4,123
	<hr/>	<hr/>
	104,079	95,015
Non-current assets		
Other assets	115	63
Property and equipment (note 3)	7,406	9,329
Intangible assets (note 4)	9,352	7,618
Goodwill (note 5)	4,870	4,870
	<hr/>	<hr/>
	125,822	116,895
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	39,148	26,488
Income tax payable	137	717
Borrowings (note 16)	48	131
Lease obligations (note 6)	1,513	1,726
	<hr/>	<hr/>
	40,846	29,062
Non-current liabilities		
Borrowings (note 16)	-	47
Deferred tax liability (note 17)	1,241	1,001
Lease obligations (note 6)	4,702	6,087
	<hr/>	<hr/>
	46,789	36,197
Shareholders' equity (note 8)	<hr/>	<hr/>
	79,033	80,698
	<hr/>	<hr/>
	125,822	116,895

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

illumina Holdings Inc.

Consolidated Statements of Comprehensive Income (Loss)

(In thousands of Canadian dollars, except share amounts)

For the years ended December 31, 2024 and 2023

	2024	2023
Revenue	\$ 140,389	\$ 126,318
Media-related costs	74,931	66,023
Gross profit	65,458	60,295
Operating expenses		
Sales and marketing (notes 12 and 18)	25,927	26,104
Technology (notes 12 and 18)	20,407	19,695
General and administrative (notes 12 and 18)	15,069	14,666
Share-based compensation (note 8(b))	3,732	5,725
Depreciation and amortization	5,355	5,482
	70,490	71,672
Loss from operations	(5,032)	(11,377)
Finance income, net (note 9)	(1,821)	(2,122)
Foreign exchange loss (gain)	(5,066)	2,827
	(6,887)	705
Net income (loss) before income taxes	1,855	(12,082)
Income tax expense (benefit) (note 17)	988	(1,095)
Net income (loss) for the year	867	(10,987)
Basic and diluted net income (loss) per share (note 10)	0.02	(0.20)
Other Comprehensive Income (Loss)		
Items that may be subsequently reclassified to net income (loss):		
Exchange loss on translating foreign operations	(980)	(1,860)
Comprehensive loss for the year	(113)	(12,847)

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

illumina Holdings Inc.

Consolidated Statements of Changes in Shareholders' Equity

(In thousands of Canadian dollars, except share amounts)

For the years ended December 31, 2024 and 2023

2024

	Common shares		Contributed surplus	Other reserves	Deficit	Total
	Number	\$ Amount				
Balance – December 31, 2023	51,350,973	\$ 108,766	\$ 6,576	\$ (2,315)	\$ (32,329)	\$ 80,698
Repurchase of common shares for Cancellation, net of tax (notes 8(e) and 8(f))	(3,310,384)	(7,122)	1,805	-	-	(5,317)
Share-based compensation (note 8(b))	-	-	3,732	-	-	3,732
Shares issued – options exercised (note 8(b))	26,667	54	(21)	-	-	33
Shares issued – DSUs/RSUs exercised (notes 8(c) and 8(d))	3,170,800	9,436	(9,436)	-	-	-
Other comprehensive loss	-	-	-	(980)	-	(980)
Net income for the year	-	-	-	-	867	867
Balance – December 31, 2024	51,238,056	111,134	2,656	(3,295)	(31,462)	79,033

2023

	Common shares		Contributed surplus	Other reserves	Deficit	Total
	Number	\$ Amount				
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

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

illumina Holdings Inc.

Consolidated Statements of Cash Flows

(In thousands of Canadian dollars)

For the years ended December 31, 2024 and 2023

	2024	2023
Cash provided by (used in)		
Operating activities		
Net income (loss) for the year	\$ 867	\$ (10,987)
Adjustments to reconcile net income (loss) to net cash flows		
Depreciation and amortization	5,355	5,482
Finance income, net (note 9)	(1,821)	(2,122)
Share-based compensation (note 8(b))	3,732	5,725
Foreign exchange loss (gain)	(5,066)	2,827
Severance expense	789	850
Income tax expense (benefit)	988	(1,095)
Change in non-cash operating working capital		
Accounts receivable	(11,578)	(296)
Prepaid expenses and other	1,361	(2,906)
Other assets	(53)	185
Accounts payable and accrued liabilities	11,883	(1,811)
Income taxes refunded (paid), net	1,573	99
Interest received	2,101	2,658
	<u>10,131</u>	<u>(1,391)</u>
Investing activities		
Additions to property and equipment (note 3)	(1,690)	(867)
Additions to intangible assets (note 4)	(4,257)	(4,375)
	<u>(5,947)</u>	<u>(5,242)</u>
Financing activities		
Repayment of term loans (note 16)	-	(4,411)
Proceeds from international loans (note 16)	-	1,181
Repayment of international loans (note 16)	(130)	(1,435)
Payment of leases	(2,132)	(3,020)
Repurchase of common shares for cancellation (notes 8(e) and 8(f))	(5,310)	(15,313)
Proceeds from the exercise of stock options (note 8(b))	33	7
	<u>(7,539)</u>	<u>(22,991)</u>
Decrease in cash and cash equivalents	(3,355)	(29,624)
Impact of foreign exchange on cash and cash equivalents	3,852	(862)
Cash and cash equivalents – beginning of year	55,455	85,941
Cash and cash equivalents – end of year	<u>55,952</u>	<u>55,455</u>
Supplemental disclosure of non-cash transactions		
Adjustments to property and equipment under leases (note 3)	-	4,403
Unpaid additions (reversals) to property and equipment, net (note 3)	(734)	734
Unpaid taxes on share repurchases (notes 8(e) and 8(f))	7	-

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

illumin Holdings Inc.

Notes to Consolidated Financial Statements

(In thousands of Canadian dollars, except share amounts)

For the years ended December 31, 2024 and 2023

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, connected TV, 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.

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 13, 2025.

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.

Prior year comparatives have been reclassified to conform to current year presentation (note 18).

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 – Goodwill is reviewed for impairment at least annually and whenever events or circumstances indicate the carrying amount may be impaired. Management has determined the recoverable amount of the cash-generating unit (“CGU”) based on the higher of its fair value less costs of disposal and its value in use.

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.

illumina Holdings Inc.

Notes to Consolidated Financial Statements

(In thousands of Canadian dollars, except share amounts)

For the years ended December 31, 2024 and 2023

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, connected TV, social and mobile campaigns using its programmatic marketing platform. The Company offers its services on a fully managed, a self-service basis, or a combination thereof, as well as provides exchange services to publishers and advertisers on other platforms, 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-service revenue.

Revenue arrangements are evidenced by a fully executed insertion order (“IO”) for managed service customers, a service level agreement (“SLA”) for self-service customers, and an ad exchange service contract for exchange service customers. 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-service proprietary platform, establishing the selling prices and the delivery of the advertisements for exchange service revenue, 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

illumina Holdings Inc.

Notes to Consolidated Financial Statements

(In thousands of Canadian dollars, except share amounts)

For the years ended December 31, 2024 and 2023

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.

illumina Holdings Inc.

Notes to Consolidated Financial Statements

(In thousands of Canadian dollars, except share amounts)

For the years ended December 31, 2024 and 2023

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	5-10 years
Data centre equipment	5-7 years
Office computer equipment	3 years
Right of use assets	Range from 3-10 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.

illumina Holdings Inc.

Notes to Consolidated Financial Statements

(In thousands of Canadian dollars, except share amounts)

For the years ended December 31, 2024 and 2023

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 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.

illumin Holdings Inc.

Notes to Consolidated Financial Statements

(In thousands of Canadian dollars, except share amounts)

For the years ended December 31, 2024 and 2023

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.

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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 share-based payment award, the fair value of the share-based payment award 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

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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.

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

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government grants are earned under the conditions of the grant prior to receipt of funds, the Company records a government grants receivable with a corresponding reduction in the account where the costs were incurred. 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 (loss) 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, 2024. The application of these amendments and interpretations had no significant impact on the Company's 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.

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Disclosure on contracts referencing nature-dependent electricity (Amendments to IFRS 7, Financial Instruments). The amendments clarify the application of the 'own-use' requirements and hedge accounting.

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) clarifying the exchange rate to use when exchangeability is lacking.
- Amendments to classification and measurement of financial instruments (Amendments to IFRS 9, Financial Instruments & IFRS 7, Financial Instruments: Disclosures) improving the clarity of the guidance on derecognition of financial assets and liabilities, and disclosures for certain types of financial instruments.
- New standard on financial statement presentation and disclosure (IFRS 18, Presentation and Disclosure in Financial Statements, replacing IAS 1, Presentation of Financial Statements, as primary source of requirements for financial statement presentation) focusing on improving labelling, aggregation and disaggregation of information in financial statements, particularly on the statement of profit or loss.

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3 Property and equipment

	Furniture and fixtures	Data center equipment	Office computer equipment	Right of use assets	Total
<i>Cost</i>					
As at January 1, 2024	\$ 1,637	\$ 1,144	\$ 1,547	\$ 19,708	\$ 24,036
Additions	1	766	189	-	956
Dispositions	-	-	-	(2,535)	(2,535)
As at December 31, 2024	1,638	1,910	1,736	17,173	22,457
<i>Accumulated depreciation</i>					
As at January 1, 2024	1,151	74	1,264	12,218	14,707
Amortization	220	302	210	2,124	2,856
Dispositions	-	-	-	(2,512)	(2,512)
As at December 31, 2024	1,371	376	1,474	11,830	15,051
<i>Net carrying amount</i>					
As at January 1, 2024	486	1,070	283	7,490	9,329
As at December 31, 2024	267	1,534	262	5,343	7,406

	Furniture and fixtures	Data center equipment	Office computer equipment	Right of use assets	Total
<i>Cost</i>					
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
<i>Accumulated depreciation</i>					
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
<i>Net carrying amount</i>					
As at January 1, 2023	423	-	273	6,421	7,117
As at December 31, 2023	486	1,070	283	7,490	9,329

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4 Intangible assets

	2024	2023
<i>Cost – Technology</i>		
As at January 1	\$ 20,904	\$ 16,529
Additions	4,233	4,375
As at December 31	25,137	20,904
<i>Accumulated depreciation – Technology</i>		
As at January 1	13,286	11,300
Amortization	2,499	1,986
As at December 31	15,785	13,286
<i>Net carrying amount – Technology</i>		
As at January 1	7,618	5,229
As at December 31	9,352	7,618

The Technology intangible asset is internally derived from capitalizing development costs related to revenue generating technology. During the year ended December 31, 2024, the Company capitalized \$8,503 (2023 - \$6,899), which was reduced by \$4,270 (2023 - \$2,524) of funding from the National Research Council's Industrial Research Assistance Program ("IRAP") (see note 12), for a net capitalization of \$4,233 (2023 - \$4,375). As at December 31, 2024, the Company had recorded a receivable of \$24 (2023 - \$481) from IRAP related to capitalized development costs.

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 2025 budget approved by the Board of Directors, as well as management's three-year forecast on future earnings. 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, 2024 and 2023. 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, 2024	December 31, 2023
Obligations under leases	\$ 6,215	\$ 7,813
Less: Current portion	1,513	1,726
	4,702	6,087

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7 Related party transactions and balances

Directors and officers are eligible to participate in the Company's long-term incentive plans. For the year ended December 31, 2024, 1,000,000 stock options, were granted to an officer of the Company (2023 – nil) (note 8(b)).

During the year ended December 31, 2024, the Company issued 131,889 (2023 – 83,664) DSUs to directors and recognized \$290 in director fees (2023 – \$296).

During the year ended December 31, 2024, the Company issued 1,593,430 (2023 – 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.

- **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, 2024 and 2023 was as follows:

	2024		2023
Executive compensation ¹	\$ 2,633	\$	2,611
Share-based compensation ¹	2,102		3,293
	<u>4,735</u>		<u>5,904</u>

(1) Management adjusted the definition of key executive personnel and, as such, has adjusted prior year comparatives to reflect this.

8 Share capital and share-based payments

a) Share capital

As at December 31, 2024, the Company had an unlimited number of common shares authorized for issuance (2023 – unlimited) and 51,238,056 common shares outstanding (2023 – 51,350,973) (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, in general, 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

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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 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, 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, 2024, the Company was entitled to issue a maximum of 7,685,708 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, 2024, the Company had 5,162,423 equity-based awards outstanding.

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	(449,335)	1.68	(81,800)	1.62
Exercised	(26,667)	1.22	(6,667)	1.01
Outstanding – December 31	140,000	1.44	616,002	1.62
Options exercisable – December 31	140,000	1.44	616,002	1.62

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
Granted	1,000,000	1.61	-	-
Forfeited or cancelled	-	-	(6,667)	2.09
Outstanding – December 31	1,016,667	1.62	16,667	2.09
Options exercisable – December 31	16,667	2.09	16,667	2.09

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

Range of exercise prices \$	December 31, 2024		
	Number of options	Weighted average remaining contractual life (years)	Weighted average number of options exercisable
1.13	45,000	0.42	45,000
1.59	95,000	0.17	95,000
1.61	1,000,000	4.17	-
2.09	16,667	0.67	16,667
	1,156,667		156,667

Range of exercise prices \$	December 31, 2023		
	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

During the year ended December 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 \$3,732 (2023 – \$5,725).

During the year ended December 31, 2024, 1,000,000 stock options were issued under the Omnibus Incentive Plan (2023 – nil) and 26,667 stock options were exercised at a weighted average price of \$1.22 for gross proceeds of \$33 (2023 – 6,667 stock options were exercised at a weighted average price of \$1.01 for gross proceeds of \$7).

c) Deferred share units

During the year ended December 31, 2024, the Company issued 131,889 DSUs (2023 – 83,664) and 204,035 DSUs were exercised (2023 – 40,748).

d) Restricted share units

During the year ended December 31, 2024, the Company issued 1,950,781 RSUs (2023 – 1,652,395) to employees, officers, and consultants of the Company and 2,966,765 RSUs (2023 – 234,313) were exercised.

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e) Repurchase of shares for cancellation under a NCIB

On November 13, 2023, the Company commenced a normal course issuer bid ("NCIB") to purchase for cancellation up to 4,330,226 of its outstanding common shares. During the year ended December 31, 2024, under this NCIB, the Company purchased and cancelled 3,310,384 of its common shares at an average price of \$1.61 per share totaling \$5,317 (2023 – 1,146,476 common shares totaling \$2,176). The Company incurred tax related to the repurchase and cancellation of these common shares of \$7 (2023 – nil). This NCIB expired on November 12, 2024.

On December 23, 2024, the Company commenced a new NCIB to purchase for cancellation up to 3,914,167 of its outstanding common shares. Under the new NCIB, daily purchases are limited to 12,518 common shares. The new NCIB may continue to December 22, 2025 or such earlier time as the NCIB is completed or terminated at the option of the Company. During the year ended December 31, 2024, under this new NCIB, the Company purchased and cancelled nil of its outstanding common shares.

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 and were subsequently capitalized. The Company did not have a SIB during the year ended December 31, 2024.

9 Finance income, net

The following is a breakdown of finance income and costs for the years ended December 31, 2024 and 2023:

	2024	2023
Interest income	\$ (2,180)	\$ (3,275)
Interest on leases and other interest	359	437
Interest and fees on term loans (note 16(a))	-	716
	<u>(1,821)</u>	<u>(2,122)</u>

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10 Net income (loss) per share

The computations for basic and diluted net income (loss) per share for the years ended December 31, 2024 and 2023 were as follows:

	2024	2023
Net income (loss) for the year	\$ 867	\$ (10,987)
Weighted average number of shares outstanding – basic	51,196,172	54,650,380
Net income (loss) per share – basic	\$ 0.02	\$ (0.20)
Dilutive effect of stock options	43,066	-
Dilutive effect of DSUs	634,538	-
Dilutive effect of RSUs	3,371,218	-
Weighted average number of shares outstanding – diluted	55,244,994	54,650,380
Net income (loss) per share – diluted	\$ 0.02	\$ (0.20)
Items excluded from the calculation of diluted net income (loss) per share due to their anti-dilutive effect:		
Stock options, DSUs, and RSUs	16,667	6,689,168

Net income (loss) per share is calculated by dividing the net income (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.

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, 2024 and 2023 was as follows:

	2024	2023
United States	\$ 105,306	\$ 77,488
Canada	13,638	12,515
Europe, LATAM, & other	21,445	36,315
	<u>140,389</u>	<u>126,318</u>

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Revenue by service for the years ended December 31, 2024 and 2023 was as follows:

	2024	2023
Managed service	\$ 67,677	\$ 72,874
Self-service	38,437	21,629
Exchange service	34,275	31,815
	<u>140,389</u>	<u>126,318</u>

During the year ended December 31, 2024, the Company had one customer that represented 12% of total revenue. No other customer represented more than 10% of total revenue (2023 – nil customers represented more 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, 2024, \$5,831 (2023 – \$4,169) of eligible costs for recovery were recognized from IRAP. Of this amount, \$4,270 (2023 – \$1,645) was recognized as a reduction to capitalized development costs on the Statement of Financial Position and \$1,561 (2023 – \$2,524) was recognized as a reduction to Technology costs, Sales and marketing costs, and General and administrative costs on the Statement of Comprehensive Income (Loss).

13 Financial instruments

Classification of financial instruments

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

Measurement basis	Loans and receivables/ financial liabilities (Amortized cost)	
	December 31, 2024	December 31, 2023
Financial assets		
Cash and cash equivalents	\$ 55,952	\$ 55,455
Accounts receivable	44,650	32,136
Other assets	2,864	4,123
	<u>103,466</u>	<u>91,714</u>
Financial liabilities		
Accounts payable and accrued liabilities	\$ 39,148	\$ 26,488
International loans (note 16(b))	48	178
Lease obligations (note 6)	6,215	7,813
	<u>45,411</u>	<u>34,479</u>

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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 Borrowings approximate their fair values given their short-term nature

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 and cash equivalents. As at December 31, 2024, two customers each represented more than 5% of the gross Accounts receivable balance of \$45,373. As at December 31, 2023, two customers each 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.

As at December 31, 2024, the allowance for expected credit loss was \$723 (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 December 31, 2024, 66% of the Company's customers were current, 25% were 1 to 30 days past due, 4% were 31 to 60 days past due, 1% were 61 to 90 days past due, and 4% were past due by 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 and cash equivalents as of December 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

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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, 2024				
	Carrying amount	Total contractual cash flows	Less than 1 year	1 to 3 years	> 3 years
Accounts payable and accrued liabilities	\$ 39,148	\$ 39,148	\$ 39,148	\$ -	\$ -
International loans	48	48	48	-	-
Lease obligations	6,215	7,875	1,935	2,722	3,218
	45,411	47,071	41,131	2,722	3,218

	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

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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 \$3,550 due to the fluctuation and this would be recorded in the consolidated statements of comprehensive income (loss).

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

	December 31, 2024	December 31, 2023
Cash	\$ 22,707	\$ 49,691
Accounts receivable	33,059	17,677
Accounts payable	20,261	9,930

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 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.

The following table outlines the activity of the term loan during the years ended December 31, 2024 and 2023:

	2024	2023
Balance – January 1	\$ -	\$ 3,791
Accrued interest	-	716
Payment of interest	-	(116)
Principal amount repaid	-	(4,411)
Foreign exchange	-	20
	<hr/>	<hr/>
Balance – December 31	-	-

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b) International loans

International term loans

International term loans outstanding amounted to \$48 (€32) as at December 31, 2024 (December 31, 2023: \$178 (€122)). The interest rates for these unsecured term loans range from 1.75% to 2.03% with maturity dates ranging from April 8, 2025 to May 21, 2025.

Line of credit

The line of credit payable amounted to \$nil (€nil) as at December 31, 2024 (December 31, 2023: \$nil (€nil)). The interest rate for the line of credit is Euribor + 1.95% with a maturity date of April 16, 2026 and the maximum amount available to borrow on the line of credit is \$701 (€468).

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

	December 31, 2024	December 31, 2023
Current portion of international loans	\$ 48	\$ 131
Non-current portion of international loans	-	47
Total borrowings	<u>48</u>	<u>178</u>

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17 Income tax expense (benefit)

Income tax expense (benefit)

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, 2024 and 2023 is as follows:

	2024	2023
Income before income taxes	\$ 1,855	\$ (12,082)
Income tax expense at the Company's statutory tax rate of 26.5% (2023 – 26.5%)	492	(3,202)
Increase (decrease) in income taxes resulting from:		
Permanent differences	1,191	1,786
Prior year true-up	(30)	(2,904)
Changes in unrecognized temporary differences	(951)	2,767
Effect of foreign subsidiaries	(60)	59
Prior year loss applied in current year previously not recognized	-	252
Other	346	146
Rate adjustment	-	1
Income tax expense (benefit)	988	(1,095)
Current tax benefit	(87)	(1,485)
Deferred tax expense	1,075	390
Income tax expense (benefit)	988	(1,095)

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, 2024 and 2023 comprised the following:

	2024	2023
Non-capital loss carryforwards	\$ 449	\$ -
Property and equipment	(3,532)	(2,180)
Financing fees	-	27
General reserves	163	-
SR&ED ITC credit	614	-
Lease liabilities	1,065	1,152
Deferred tax asset (liability), net	(1,241)	(1,001)

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As at December 31, 2024, the Canadian companies had non-capital losses of approximately \$10,946 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:

2034	\$	434
2035		559
2036		751
2037		985
2038		1,101
2039		1,398
2040		1,563
2041		1,030
2042		521
2043		901
2044		1,703

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

	2024	2023
Non-capital loss carryforwards	\$ 2,449	\$ 2,517
Taxable temporary differences	441	855
	<u>2,890</u>	<u>3,372</u>

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

	2024	2023
Non-capital loss carryforwards	\$ 22,308	\$ 23,123
Property and equipment	30	(338)
Non deductible interest 163(j)	3	3
General reserves	2	-
	<u>22,343</u>	<u>22,788</u>

As at December 31, 2024, the Company had US non-capital losses of approximately \$104,088, 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 \$87,001. 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.

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18 Expenses by nature

The following is a breakdown of the expenses by nature for the years ended December 31, 2024 and 2023:

	2024	2023
Employee wages, salaries, and benefits	\$ 34,749	\$ 34,123
Hosting and data costs	8,379	6,994
Contractor consulting fees	5,642	5,106
Travel and entertainment	2,789	2,833
Professional fees	1,847	2,360
Advertising and promotion	1,431	2,502
Insurance	1,474	2,350
Office technology	1,860	1,376
Public company fees	733	899
Other	2,499	1,922
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	61,403	60,465
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Effective January 1, 2024, the Company changed its operating expense presentation to reclassify certain costs from Sales and marketing to Technology in order to better reflect the nature of the costs.