

Quarterhill Announces Q3 2024 Financial Results

TORONTO, Nov. 8, 2024 /CNW/ - Quarterhill Inc. ("Quarterhill" or the "Company") (TSX: QTRH) (OTCQX: QTRHF), a leading provider of tolling and enforcement solutions in the Intelligent Transportation System ("ITS") industry, announces its financial results for the three and nine months ended September 30, 2024. All financial information in this press release is reported in United States ("US") dollars, unless otherwise indicated.

Quarterhill has changed the presentation currency of its financial statements to US dollars, its functional currency. A significant proportion of the Company's sales, expenses, assets, and liabilities are denominated in US dollars. This change in presentation currency aims to enhance external stakeholders' ability to assess Quarterhill's financial performance and to reduce the impact of foreign exchange volatility.

Q3 2024 Highlights

- Revenue was \$38.0 million compared to \$34.1 million in Q3 2023.
- Adjusted EBITDA¹ was (\$2.8) million compared to \$1.4 million in Q3 2023.
- Revenue backlog³ was \$475 million at September 30, 2024.
- Announced new enforcement unit contracts in Thailand, South Korea, South Dakota, Minnesota and North Carolina.
- Received a \$3.8 million dividend resulting from ownership stake in Wi-LAN Inc.
- Established Technical Advisory Committee with Bobby Parikh and Vineet Khosla, two AI and machine learning innovators experienced in transportation-related technologies.
- Subsequent to quarter-end, signed a share-purchase agreement to sell its 50% interest in the Chinese joint venture, Xuzhou-PAT Control Technologies Limited ("XPCT") for gross proceeds of approximately \$4.9 million.

"Our enforcement unit had another strong quarter with multiple new contracts, top-line growth and solid margins, while in our tolling unit, we increased our bid activity and expanded mandates with several existing customers," said Chuck Myers, CEO at Quarterhill. "In Q3, we received our first dividend from our ownership position in Wi-LAN, and after quarter-end, we signed a share purchase agreement to sell our position in the Chinese joint venture, XPCT. Combined, these two developments will generate approximately \$8 million in cash, thus strengthening our balance sheet as we head towards 2025."

"Over the past twelve months, we have worked hard to turn around the Company by integrating our ITS businesses, selling non-core assets, optimizing our cost base, adding new leadership, enhancing our technical capabilities and addressing select legacy contract challenges. We believe we are near the end of this process and are well positioned to capitalize on the benefits from these changes in 2025 and beyond."

"We have two tolling contracts for which we took reserves in Q3, impacting margins by approximately \$4 million. We believe these reserves will be sufficient for both projects to reach operations phase acceptance and become steady and profitable long-term contracts for the business. For the business as a whole, we expect to return to positive Adjusted EBITDA in Q4 2024 and to then grow our top-line and margins into 2025."

"The future of the ITS industry will be shaped by advanced technology solutions, with AI and machine learning playing pivotal roles in delivering enhanced outcomes for customers. We are committed to being at the forefront of this shift as we invest in our software solutions and next generation architecture. We have recently added new leadership to our technical team, and at quarter-end, we established a Technical Advisory Board, bringing on two renowned experts in AI and modern software architecture to guide the development of our technology roadmap to meet our customers' desires. With our team, assets, and strategic direction, we are well-positioned to capitalize on the opportunities ahead, emerge as an industry leader and deliver improved financial results."

Q3 2024 Financial Review

Quarterhill's Management's Discussion and Analysis and financial statements for the three and nine months

ended September 30, 2024 are available at the [Company's website](#) and at its profile at [SEDAR+](#).

Financial statements for the three and nine months ended September 30, 2023, have been prepared to reflect continuing operations, and therefore, exclude results during that period from Wi-LAN Inc. ("WiLAN"), which was sold by Quarterhill on June 15, 2023.

Revenues for the three and nine months ended September 30, 2024, were \$38.0 million and \$114.4 million, up 12% and 13%, respectively, compared to \$34.1 million and \$101.0 million in the three and nine months ended September 30, 2023. The increase in revenues was primarily due to continued strong performance from the enforcement operations, which was offset in part by reserves taken relative to cost overruns on two tolling projects that had a \$3 million impact on revenue.

Gross profit² as a value and as a percentage of revenues may be subject to significant variance in each reporting period due to the nature and type of contract and service work performed. Gross profit for the three and nine months ended September 30, 2024, was \$5.1 million and \$20.0 million, or 13% and 17%, as compared to \$7.9 million and \$21.6 million, or 23% and 21%, in the three and nine months ended September 30, 2023. The year-over-year decreases compared to the prior year periods were primarily due to the \$4 million of reserves taken in Q3 2024 related to cost overruns on the two tolling projects as previously noted. The year-over-year decreases in gross profit margin were partially offset by continued strong margin performance from the enforcement operations.

Total operating expenses are comprised of selling, general and administrative costs ("SG&A"), research and development ("R&D") costs, depreciation, amortization of intangible assets and other charges. Total operating expenses for the three and nine months ended September 30, 2024, were \$11.3 million and \$32.5 million compared to \$9.9 million and \$32.1 million in the three and nine months ended September 30, 2023. The year-over-year increases were primarily due to higher SG&A, offset in part by lower R&D expenses. SG&A increased year-over-year, driven by the Company's investments in leadership and resources for its project, bid, and development teams. For the year-to-date period, this increase was partially offset by a reduction in force in other business areas.

Adjusted EBITDA¹ for the three and nine months ended September 30, 2024, was (\$2.8) million and (\$0.9) million compared to \$1.4 million and \$0.5 million for the three and nine months ended September 30, 2023. The decrease in Adjusted EBITDA for the three and nine months ended September 30, 2024, compared to the prior year periods, was due to the \$4 million impact of the cost overruns on revenue and gross profit as previously explained, and offset, in part, by higher overall revenue.

Net loss from continuing operations for the three and nine months ended September 30, 2024, was (\$4.1) million and (\$11.3) million, or (\$0.04) and (\$0.10) per diluted share, compared to a net loss from continuing operations of (\$1.7) million and (\$20.9) million, or (\$0.01) and (\$0.18) per diluted share, for the three and nine months ended September 30, 2023.

Cash used in continuing operations for the three and nine months ended September 30, 2024, was (\$1.7) million and (\$11.0) million compared to cash used in continuing operations of (\$0.7) million and (\$14.1) million for the three and nine months ended September 30, 2023.

Cash and cash equivalents were \$23.1 million at September 30, 2024, compared to \$42.7 million at December 31, 2023. Due to the nature of the Company's business activities, operating cash flows may vary significantly between periods due to changes and timing in working capital balances. Adjusted Working Capital⁴ was \$64.9 million at September 30, 2024, compared to \$78.9 million at December 31, 2023.

1. Please refer to the Adjusted EBITDA Non-IFRS Financial Measures section for further information.

2. Please refer to Gross Margin % in the Supplementary Financial Measures section for further information.

3. Please refer to the Backlog - Non-IFRS Financial Measure section for further information.

4. Please refer to the Adjusted Working Capital - Non-IFRS Financial Measure section for further information.

Conference Call and Webcast

Quarterhill will host a conference call to discuss its financial results on Friday, November 8, 2024, at 10:00 AM Eastern Time.

Webcast Information

Live audio webcast will be available at: <https://app.webinar.net/P03G1qda8o9>

- Webcast replay will be available at: <https://app.webinar.net/P03G1qda8o9>

Traditional Dial-in Information

- To access the call from the U.S. and Canada, dial 1.888.699.1199 (Toll Free)
- To access the call from other locations, dial 1.416.945.7677 (International)

Rapidconnect

To instantly join the conference call by phone, please use the following URL to easily register and be connected into the conference call automatically: <https://emportal.ink/4eGHMhl>

Telephone Replay

Telephone replay will be available from November 8, 2024, until November 15, 2024, at: 1.888.660.6345 (Toll Free North America) or 1.289.819.1450.

Conference ID: 17855 and Replay Passcode: 17855#

Non-IFRS Financial Measures and Non-IFRS Ratios

Quarterhill uses both IFRS and certain non-IFRS financial measures to assess performance. Non-IFRS financial measures are financial measures disclosed by a company that (a) depict historical or expected future financial performance, financial position or cash flow of a company, (b) with respect to their composition, exclude amounts that are included in, or include amounts that are excluded from the composition of the most directly comparable financial measure disclosed in the primary financial statements of the company, (c) are not disclosed in the financial statements of the company and (d) are not a ratio, fraction, percentage or similar representation. Non-IFRS ratios are financial measures disclosed by a company that are in the form of a ratio, fraction, percentage or similar representation that has a non-IFRS financial measure as one or more of its components, and that are not disclosed in the financial statements of the company.

These non-IFRS financial measures and non-IFRS ratios are not standardized financial measures under IFRS, and, therefore, are unlikely to be comparable to similar financial measures presented by other companies. Management believes these non-IFRS financial measures and non-IFRS ratios provide transparent and useful supplemental information to help investors evaluate our financial performance, financial condition, and liquidity using the same measures as management. These non-IFRS financial measures and non-IFRS ratios should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with IFRS.

Adjusted EBITDA - Non-IFRS Financial Measures

We use the non-IFRS financial measure "Adjusted EBITDA" to mean net (loss) income adjusted for (i) income taxes, (ii) finance expense or income; (iii) amortization and impairment of intangibles; (iv) other charges and other one-time items; (v) depreciation of right-of-use assets and property, plant and equipment; (vi) stock-based compensation; (vii) foreign exchange (gain) loss; and (viii) other income which includes equity in earnings from joint ventures; (ix) dividends received from joint ventures; and * changes in fair value of derivative liability. Adjusted EBITDA is used by our management to assess our normalized cash generated on a consolidated basis. Adjusted EBITDA is also a performance measure that may be used by investors to analyze the cash generated by Quarterhill. Adjusted EBITDA should not be interpreted as an alternative to net (loss) income and cash flows from operations as determined in accordance with IFRS or as measure of liquidity. The most directly comparable IFRS financial measure is Net (loss) income.

Adjusted EBITDA per share – Non-IFRS Ratio

Adjusted EBITDA per share is calculated as Adjusted EBITDA divided by the basic weighted average of common shares. Adjusted EBITDA per share is used by our management and investors to analyze cash generated by Quarterhill on a per share basis. The most comparable IFRS measure is earnings per share.

Adjusted Working Capital – Non-IFRS Financial Measure

Adjusted Working Capital is calculated as current assets minus current liabilities, adjusted for convertible debentures and derivative liability. Adjusted Working Capital reflects our net working capital expected to be

settled in cash within twelve months.

Backlog - Non-IFRS Financial Measure

We use the non-IFRS measure "backlog" to mean the total value of work that has not yet been completed but that in management's experience of similar situations has: (a) a high certainty of being performed pursuant to existing contracts or work orders specifying job scope, value and timing; (b) an expectation of expansion of existing contracts due to expected extensions; and/or (c) been awarded to one or more of our ITS operating subsidiaries as evidenced by a binding contract or where the finalization of a binding contract is reasonably assured. Activities under such contracts may cover a period of up to 15 years. We do not include in "backlog", the value of any expected but unsigned change orders that management considers may apply to such contracts.

Supplementary Financial Measures

Supplementary financial measures are financial measures disclosed by a company that (a) are, or are intended to be, disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flow of a company (b) are not disclosed in the financial statement of the company, (c) are not non-IFRS financial measures, and (d) are not non-IFRS ratios.

Key supplementary measures disclosed are as follows:

Gross margin %

Calculated as gross profit as a percentage of revenue.

About Quarterhill

Quarterhill is a leading provider of tolling and enforcement solutions in the Intelligent Transportation System (ITS) industry. Our goal is technology-driven global leadership in ITS, via organic growth of our tolling and enforcement businesses, and by continuing an acquisition-oriented investment strategy that capitalizes on attractive growth opportunities within ITS and its adjacent markets. Quarterhill is listed on the TSX under the symbol QTRH and on the OTCQX Best Market under the symbol QTRHF. For more information: www.quarterhill.com.

Forward-looking Information

This news release contains forward-looking information and forward-looking statements within the meaning of applicable Canadian securities laws (collectively, "forward-looking statements") regarding Quarterhill, its operating subsidiaries and their respective businesses. Such forward-looking statements relate to future events, conditions or future financial performance of Quarterhill based on future economic conditions and courses of action. All statements other than statements of historical fact may be forward-looking statements. Such forward-looking statements are often, but not always, identified by the use of any words such as "seek", "anticipate", "budget", "plan", "goal", and similar expressions. These statements involve known and unknown risks, assumptions, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this news release should not be unduly relied upon. In particular, this news release contains forward-looking statements pertaining to, but not limited to, the following: operational and financial expectations for the 2024 financial year, including revenue, gross margin and Adjusted EBITDA expectations; and the Company's business plan.

Although the forward-looking statements contained in this news release are based upon assumptions which management of the Company believes to be reasonable, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. With respect to forward-looking statements contained in this news release, the Company has made assumptions regarding, but not limited to: the Company's ability to execute on its business plan; successful integration of Red Fox; the ability to successfully complete the transaction relating to the disposition of its interest in XPCT; general economic and industry trends; operating assumptions relating to the Company's operations; demand for the Company's products and services; cost estimates for fixed price contracts; and the other assumptions set forth in the Company's most recent annual information form available under the Company's profile on SEDAR+ at www.sedarplus.ca.

The Company's actual results could differ materially from those anticipated in the forward-looking statements, as a result of numerous known and unknown risks and uncertainties and other factors including, but not limited to: changes in demand for the Company's products and services; general economic, political, market and business conditions, including fluctuations in interest rates, foreign exchange rates, stock market volatility; reliance on key management personnel; risks related to competition within the Company's industry and relating to technological advances; litigation risks; cyber-security risks; fixed price contracts may result in unexpected costs to the Company; risks of health epidemics, pandemics and similar outbreaks; and the other risks set forth in the Company's most recent annual information form and management's discussion and analysis for the three and twelve months ended December 31, 2023 available under the Company's profile on SEDAR+ at www.sedarplus.ca.

The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the Company will derive therefrom. Readers are therefore cautioned that the foregoing lists of important factors are not exhaustive, and they should not unduly rely on the forward-looking statements included in this news release. All forward-looking statements contained in this news release are expressly qualified by this cautionary statement. Quarterhill has no intention, and undertakes no obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

This news release contains "future-oriented financial information" and "financial outlooks" within the meaning of applicable Canadian securities laws (collectively, "FOFI"), including about the financial results, revenue, gross margin and Adjusted EBITDA of Quarterhill for the year ended December 31, 2024. FOFI, as with forward-looking statements generally, are, without limitation, based on the assumptions and qualifications, and are subject to the risks, set out above in respect of forward-looking statements. Quarterhill's actual financial position and results of operations may differ materially from management's current expectations and, as a result, the Company's financial results may differ materially from the FOFI provided in this news release. The Company and its management believe that the FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments and the FOFI contained in this news release was approved by management as of the date hereof, for purposes of providing further information about the Company's future business operations and results. However, because this information is subjective and subject to numerous risks and assumptions, it should not be relied on as necessarily indicative of future results. Except as required by applicable securities laws, the Company undertakes no obligation to update such FOFI. Readers are cautioned that the FOFI contained in this news release should not be used for purposes other than for which it is disclosed herein, and such information is presented for illustrative purposes only and may not be an indication of the Company's actual financial position or results of operations.

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss (in thousands and in United States dollars, except share and per share amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
		(restated)		(restated)
Revenues	\$38,019	\$34,057	\$114,429	\$101,026
Direct cost of revenues	32,892	26,181	94,429	79,386
Gross profit	5,127	7,876	20,000	21,640
Operating expenses				
Selling, general and administrative expenses	8,125	6,127	21,573	19,217
Research and development expenses	275	564	1,071	2,441
Depreciation of right-of-use assets	373	422	1,081	1,143
Depreciation of property, plant and equipment	384	397	1,144	1,215
Amortization of intangible assets	1,789	2,037	6,166	6,212
Other charges	313	390	1,468	1,909
	11,259	9,937	32,503	32,137
Results from operations	(6,132)	(2,061)	(12,503)	(10,497)
Finance income	(43)	(362)	(408)	(422)
Finance expense	1,646	1,635	5,002	5,003
Foreign exchange loss (gain)	845	(1,510)	(652)	(406)
Other income	(3,874)	(169)	(4,008)	(627)
Change in fair value of derivative liability	(499)	(185)	(1,426)	(400)
Loss before taxes	(4,207)	(1,470)	(11,011)	(13,645)
Current income tax expense (recovery)	45	25	390	(2,545)

Deferred income tax (recovery) expense	(143)	168	(107)	9,833
Income tax (recovery) expense	(98)	193	283	7,288
Net loss from continuing operations	(4,109)	(1,663)	(11,294)	(20,933)
Net income (loss) from discontinued operations	-	272	-	(13,789)
Net loss	(4,109)	(1,391)	(11,294)	(34,722)

Other comprehensive income (loss) that may be reclassified subsequently to net loss:

Foreign currency translation adjustment	974	1,070	42	(1,520)
Comprehensive loss	(\$3,135)	(\$321)	(\$11,252)	(\$36,242)

Loss per share - Basic

From continuing operations	(\$0.04)	(\$0.01)	(\$0.10)	(\$0.18)
From discontinued operations	-	0.00	-	(0.12)
Loss per share - Basic	(\$0.04)	(\$0.01)	(\$0.10)	(\$0.30)

Loss per share - Diluted

From continuing operations	(\$0.04)	(\$0.01)	(\$0.10)	(\$0.18)
From discontinued operations	-	0.00	-	(0.12)
Loss per share - Diluted	(\$0.04)	(\$0.01)	(\$0.10)	(\$0.30)

Interim Condensed Consolidated Statements of Financial Position (in thousands and in United States dollars)

As at	September 30, 2024	December 31, 2023	January 1, 2023
		(restated)	(restated)
Current assets			
Cash and cash equivalents	\$23,133	\$42,733	\$48,905
Short-term investments	-	-	1,142
Restricted short-term investments	-	-	4,812
Accounts receivable, net	31,018	27,291	17,155
Unbilled revenue	33,864	34,247	30,529
Income taxes receivable	103	-	251
Inventories (net of obsolescence)	12,317	10,760	10,076
Prepaid expenses and deposits	5,514	4,795	5,050
	105,949	119,826	117,920
Non-current assets			
Accounts and other long-term receivables	4,747	4,364	397
Long-term prepaid expenses and deposits	-	-	1,257
Right-of-use assets, net	5,484	5,288	7,600
Property, plant and equipment, net	4,007	4,136	5,104
Intangible assets, net	79,833	79,092	104,164
Investment in joint venture	4,568	5,054	5,712
Investment in other entity	2,898	2,898	-
Deferred compensation asset	1,097	952	991
Deferred income tax assets	-	-	18,903
Goodwill	31,279	29,019	41,556
	133,913	130,803	185,684
TOTAL ASSETS	\$239,862	\$250,629	\$303,604
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	\$30,319	\$30,330	\$34,685
Income taxes payable	387	662	724
Current portion of lease liabilities	2,107	1,954	1,924
Current portion of deferred revenue	6,140	5,806	6,295
Current portion of long-term debt	2,125	2,125	21,588
Convertible debentures	38,714	38,196	35,655
Derivative liability	812	2,290	1,316
	80,604	81,363	102,187
Non-current liabilities			
Deferred revenue	1,116	621	2,022
Long-term lease liabilities	5,382	5,727	7,116
Long-term debt	15,783	17,312	-
Deferred compensation liabilities	1,146	945	862
Deferred income tax liabilities	1,954	1,221	1,519
	25,381	25,826	11,519
TOTAL LIABILITIES	105,985	107,189	113,706
Shareholders' equity			
Capital stock	314,522	313,738	401,248
Contributed surplus	127,034	126,129	37,545
Accumulated other comprehensive income	15,694	15,652	15,928
Deficit	(323,373)	(312,079)	(264,823)
	133,877	143,440	189,898
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$239,862	\$250,629	\$303,604

Interim Condensed Consolidated Statements of Cash Flows
(in thousands and in United States dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	(restated)		(restated)	
Operating activities:				
Net loss from continuing operations	(\$4,109)	(\$1,663)	(\$11,294)	(\$20,933)
Add (deduct) non-cash items:				
Stock-based compensation expense	724	257	1,936	527
Depreciation and amortization	2,546	2,856	8,391	8,570
Foreign exchange loss (gain)	845	(1,510)	(652)	(406)
Other income	(3,874)	(169)	(4,008)	(627)
Deferred and non-cash income tax (recovery) expense	(143)	168	(107)	9,833
Embedded derivatives	6	-	12	93
Change in fair value of derivative liability	(499)	(185)	(1,426)	(400)
Non-cash interest expense	593	542	1,685	1,893
Net change in non-cash working capital balances	2,259	(964)	(5,501)	(12,605)
Cash used in continuing operations	(1,652)	(668)	(10,964)	(14,055)
Net operating cash flows attributable to discontinued operations	-	-	-	(4,685)
Net cash used in operating activities	(1,652)	(668)	(10,964)	(18,740)
Financing activities:				
Dividends paid	-	-	-	(2,127)
Payment of lease liabilities	(629)	(215)	(1,767)	(1,042)
Repayment of long-term debt	(531)	(531)	(1,594)	(1,781)
Cash used in financing activities	(1,160)	(666)	(3,361)	(4,870)
Net financing cash flows attributable to discontinued operations	-	-	-	(100)
Net cash used in financing activities	(1,160)	(666)	(3,361)	(4,970)
Investing activities:				
Net proceeds from disposition of a subsidiary	-	367	-	32,388
Cash sold on disposition of a subsidiary	-	-	-	(8,000)
Acquisition of business, Red Fox	-	-	(7,181)	-
Cash acquired on acquisition of business, Red Fox	-	-	2,296	-
Proceeds from sale of property, plant and equipment	7	42	17	42
Purchase of property, plant and equipment	(459)	(268)	(1,004)	(907)
Dividend received from investment in other entity	3,849	-	3,849	-
Capitalized software costs	(1,634)	(789)	(3,007)	(3,104)
Cash generated from (used in) investing activities	1,763	(648)	(5,030)	20,419
Net investing cash flows attributable to discontinued operations	-	-	-	1,194
Net cash generated from (used in) investing activities	1,763	(648)	(5,030)	21,613
Foreign exchange on cash held in foreign currencies	141	752	(245)	(1,941)
Net decrease in cash and cash equivalents	(908)	(1,230)	(19,600)	(4,038)
Cash and cash equivalents, beginning of period	24,041	46,097	42,733	48,905
Cash and cash equivalents, end of period	\$23,133	\$44,867	\$23,133	\$44,867

Interim Condensed Consolidated Statements of Shareholders' Equity
(in thousands and in United States dollars)

	Capital Stock	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total Shareholders' Equity
Balance, January 1, 2023 (restated)	\$401,248	\$37,545	\$15,928	(\$264,823)	\$189,898
Net loss	-	-	-	(34,722)	(34,722)
Other comprehensive loss	-	-	(1,520)	-	(1,520)
Stock-based compensation expense	-	530	-	-	530
Exercise of stock options	121	(66)	-	-	55
Common shares issued from restricted stock units	199	(408)	-	-	(209)
Common shares issued from performance stock units	46	(56)	-	-	(10)
Reduction of stated capital	(87,948)	87,948	-	-	-
Dividends declared	-	-	-	(1,060)	(1,060)
Balance, September 30, 2023	\$313,666	\$125,493	\$14,408	(\$300,605)	\$152,962
Balance, January 1, 2024	\$313,738	\$126,129	\$15,652	(\$312,079)	\$143,440

Net loss	-	-	-	(11,294)	(11,294)
Other comprehensive income	-	-	42	-	42
Stock-based compensation expense	-	1,936	-	-	1,936
Common shares issued from restricted stock units	729	(976)	-	-	(247)
Common shares issued from deferred stock units	55	(55)	-	-	-
Balance, September 30, 2024	\$314,522	\$127,034	\$15,694	(\$323,373)	\$133,877

Reconciliation of Net Loss to Adjusted EBITDA

(in thousands and in United States dollars, except share and per share amounts)

	Three months ended September 30,			
	2024		2023	
	\$	Per Share ^[2]	\$	Per Share
Net loss from continuing operations	(\$4,109)	(\$0.04)	(restated) (\$1,663)	(\$0.01)
Adjusted for:				
Income tax expense	(98)	(0.00)	193	0.00
Foreign exchange loss (gain)	845	0.01	(1,510)	(0.01)
Finance expense, net	1,603	0.01	1,273	0.01
Other charges	313	0.00	390	0.00
Depreciation and amortization	2,546	0.02	2,856	0.02
Stock based compensation expense	515	0.01	257	0.00
Change in fair value of derivative liability	(499)	(0.00)	(185)	(0.00)
Other income	(3,874)	(0.03)	(169)	(0.00)
Adjusted EBITDA ^[1]	(\$2,758)	(\$0.02)	\$1,442	\$0.01

Weighted average number of Common Shares

Basic	115,393,052	114,649,772
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	Nine months ended September 30,			
	2024		2023	
	\$	Per Share ^[2]	\$	Per Share
Net loss from continuing operations	(\$11,294)	(\$0.10)	(restated) (\$20,933)	(\$0.18)
Adjusted for:				
Income tax expense	283	\$0.00	7,288	0.06
Foreign exchange gain	(652)	(\$0.01)	(406)	(0.00)
Finance expense, net	4,594	\$0.04	4,581	0.04
Other charges	1,468	\$0.01	1,909	0.02
Depreciation and amortization	8,391	\$0.07	8,570	0.07
Stock based compensation expense	1,727	\$0.02	527	0.01
Change in fair value of derivative liability	(1,426)	(\$0.01)	(400)	(0.00)
Other income	(4,008)	(\$0.03)	(627)	(0.01)
Adjusted EBITDA ^[1]	(\$917)	(\$0.01)	\$509	\$0.00

Weighted average number of Common Shares

Basic	115,255,582	114,644,764
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1. Please refer to the Adjusted EBITDA Non- IFRS Financial Measures section for further information.
2. Please refer to the Supplementary Financial Measures for further information.

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