

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

Delphax Technologies, Inc

12301 Whitewater Drive, Suite 10
Minnetonka, MN 55343

952-829-5700
rod.peterson@theplatinumgrp.com
SIC Code: 5084

Quarterly Report

For the period ending December 31, 2024 (the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

6,919,465 as of December, 31 2024 (the 1st Quarter) *(Current Reporting Period Date or More Recent Date)*

6,919,465 as of September 30, 2024 (the 4th Quarter) *(Most Recent Completed Fiscal Year End)*

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: No:

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: No:

Change in Control

Indicate by check mark whether a Change in Control⁴ of the company has occurred during this reporting period:

Yes: No:

⁴ "Change in Control" shall mean any events resulting in:

- (i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
- (ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
- (iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
- (iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer and names used by predecessor entities, along with the dates of the name changes.

Delphax Technologies, Inc

Current State and Date of Incorporation or Registration: Minnesota
Standing in this jurisdiction: (e.g. active, default, inactive): Active

Prior Incorporation Information for the issuer and any predecessors during the past five years:
None

Describe any trading suspension or halt orders issued by the SEC or FINRA concerning the issuer or its predecessors since inception:

None

List any stock split, dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

Address of the issuer's principal executive office:

12301 Whitewater Drive, Suite 10
Minnetonka, MN 55343

Address of the issuer's principal place of business:

Check if principal executive office and principal place of business are the same address:

12301 Whitewater Drive, Suite 10
Minnetonka, MN 55343

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: Yes: If Yes, provide additional details below:

2) Security Information

Transfer Agent

Name: Equiniti Trust Company, LLC, d/b/a EQ Shareowner Services
Phone: 651-450-4064
Email: RMTeam@equiniti.com
Address: 1110 Centre Point Curve, Suite 101, Mendota Heights, MN 55120

Publicly Quoted or Traded Securities:

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

Trading symbol:	<u>DLPX</u>	
Exact title and class of securities outstanding:	<u>Common Stock</u>	
CUSIP:	<u>24712X106</u>	
Par or stated value:	<u>\$0.10 per share</u>	
Total shares authorized:	<u>50,000,000</u>	as of date: <u>January 11, 2025</u>
Total shares outstanding:	<u>6,919,465</u>	as of date: <u>January 11, 2025</u>
Total number of shareholders of record:	<u>222</u>	as of date: <u>January 11, 2025</u>

Please provide the above-referenced information for all other publicly quoted or traded securities of the issuer.

Other classes of authorized or outstanding equity securities that do not have a trading symbol:

The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g., preferred shares that do not have a trading symbol). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.

Exact title and class of the security:	<u>Series B Preferred Stock</u>	
Par or stated value:	<u>\$0.10 per share</u>	
Total shares authorized:	<u>\$0.10</u>	as of date: <u>January 11, 2025</u>
Total shares outstanding:	<u>43,000</u>	as of date: <u>January 11, 2025</u>
Total number of shareholders of record:	<u>43,000</u>	as of date: <u>January 11, 2025</u>

Please provide the above-referenced information for all other classes of authorized or outstanding equity securities.

Security Description:

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. **For common equity, describe any dividend, voting and preemption rights.**

None

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.

On October 2, 2015, for \$1,050,000, the Company issued 43,000 shares of Series B Preferred Stock as a Stock Purchase Warrant to sell an additional 95,600 shares of Series B Preferred Stock. The Series B Preferred Stock was a new series of preferred stock of Delphax. Each share of Series B Preferred Stock is convertible into 100 shares of Delphax common stock. Shares of Series B Preferred Stock may be converted at any time at the election of the holder thereof into shares of common stock of Delphax and all outstanding shares of Series B Preferred Stock are to be converted into shares of common stock of Delphax upon the written consent of the holders of a majority of the then-outstanding shares of Series B Preferred Stock or in connection with the consummation of a registered underwritten public offering of Delphax common stock that satisfies specified aggregate offering and price thresholds. Based on the number of shares of Delphax common stock currently outstanding, the Series B Preferred Stock, if fully converted, would represent approximately 38.3% of the shares of Delphax common stock. Based on the number of shares of Delphax common stock currently outstanding, the Series B Preferred Stock and the Warrants, if fully converted, would represent approximately 66.7% of the shares of Delphax common stock.

3. Describe any other material rights of common or preferred stockholders.

None

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.

None

3) Issuance History

*The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period.***

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares for the two most recently completed fiscal years and any subsequent period.

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: Yes: (If yes, you must complete the table below)

Shares Outstanding <u>Opening Balance:</u> Date 9/30/2023 Common: <u>6,919,465</u> Preferred: <u>43,000</u>			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to. ***You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g. for cash or debt conversion) - OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Shares Outstanding on Date of This Report: <u>Ending Balance:</u> Date 12/31/2024 Common: 6,919,465 Preferred: 43,000									

Example: A company with a fiscal year end of December 31st 2024, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2023 through December 31, 2024 pursuant to the tabular format above.

Any additional material details, including footnotes to the table are below:

B. Convertible Debt

The following is a complete list of the Company’s Convertible Debt which includes all promissory notes, convertible notes, convertible debentures, or any other debt instruments convertible into a class of the issuer’s equity securities. The table includes all issued or outstanding convertible debt at any time during the last complete fiscal year and any interim period between the last fiscal year end and the date of this Certification.

Check this box to confirm the Company had no Convertible Debt issued or outstanding at any point during this period.

Date of Note Issuance	Principal Amount at Issuance (\$)	Outstanding Balance (\$) (include accrued interest)	Maturity Date	Conversion Terms (e.g., pricing mechanism for determining conversion of instrument to shares)	# Shares Converted to Date	# of Potential Shares to be Issued Upon Conversion ⁵	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g., Loan, Services, etc.)
Total Outstanding Balance:				Total Shares:				

Any additional material details, including footnotes to the table are below:

4) Issuer’s Business, Products and Services

The purpose of this section is to provide a clear description of the issuer’s current operations. Ensure that these descriptions are updated on the Company’s Profile on www.OTCMarkets.com.

A. Summarize the issuer’s business operations (If the issuer does not have current operations, state “no operations”)

The Company is in the business of leasing its patents and trademarks to third party commercial printer manufacturers

B. List any subsidiaries, parent company, or affiliated companies.

None

C. Describe the issuers’ principal products or services.

The Issuer leases its intellectual property and patents to third party vendors and manufacturers.

5) Issuer’s Facilities

The goal of this section is to provide investors with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

⁵ The total number of shares that can be issued upon full conversion of the Outstanding Balance. The number should not factor any “blockers” or limitations on the percentage of outstanding shares that can be owned by the Noteholder at a particular time. For purposes of this calculation, please use the current market pricing (e.g. most recent closing price, bid, etc.) of the security if conversion is based on a variable market rate.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer. Describe the location of office space, data centers, principal plants, and other property of the issuer and describe the condition of the properties. Specify if the assets, properties, or facilities are owned or leased and the terms of their leases. If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

The Issuer leases space from a third-party vendor. The Issuer maintains a month-to-month lease at 2810 Argentia Road, Unit 6, Mississauga, Ontario, L5N 8L2, Canada where it stores Company records. The issuer has full access to the building and records.

6) All Officers, Directors, and Control Persons of the Company

Using the table below, please provide information, as of the period end date of this report, regarding all officers and directors of the company, or any person that performs a similar function, regardless of the number of shares they own.

In addition, list all individuals or entities controlling 5% or more of any class of the issuer’s securities. If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity. Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

The goal of this section is to provide investors with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial owners.

Individual Name (First, Last) or Entity Name (Include names of control person(s) if a corporate entity)	Position/Company Affiliation (ex: CEO, 5% Control person)	City and State (Include Country if outside U.S.)	Number of Shares Owned (List common, preferred, warrants and options separately)	Class of Shares Owned	Percentage of Class of Shares Owned (undiluted)	
<u>Air-T</u>	<u>The entity owns Series B Preferred Stock</u>	<u>Minneapolis, MN</u>	<u>43,000</u>	<u>Series B Preferred Stock</u>	<u>100%</u>	<u>Nick Swenson</u>
<u>Nick Swenson</u>	<u>Board Member</u>	<u>Minneapolis, MN</u>				
<u>Dan Philp</u>	<u>Chairman</u>	<u>Minneapolis, MN</u>				
<u>Rodney Peterson</u>	<u>CEO</u>	<u>Minneapolis, MN</u>				
<u>Patrick Brennan</u>	<u>Co-CEO</u>	<u>Minneapolis, MN</u>				

Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, log in to www.OTCIQ.com to update your company profile.

7) Legal/Disciplinary History

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

No

2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities;

No

3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;

No

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

No

5. Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

No

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

No

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party to or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None

8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, update your company profile.

Securities Counsel

Name: Matthew J. Borger
Address 1: Noone & Borger, LLC
Address 2: 32 South Church Street, West Chester, PA 19382
Phone: 484-947-5383
Email: matt@nooneborger.com

Accountant or Auditor

Name: None
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

Investor Relations

Name: None
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

All other means of Investor Communication:

X (Twitter): None
Discord: None
LinkedIn: None
Facebook: None
[Other] _____

Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Name: _____
Firm: _____
Nature of Services: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

9) Disclosure & Financial Information

A. This Disclosure Statement was prepared by (name of individual):

Name: _____
Title: _____
Relationship to Issuer: _____

B. The following financial statements were prepared in accordance with:

- IFRS
 U.S. GAAP

C. The following financial statements were prepared by (name of individual):

Name: **Amanda Lee**
Title: **Accountant**
Relationship to Issuer: **Contractor**

Describe the qualifications of the person or persons who prepared the financial statements:⁶ BBA degree in business finance from University of Wisconsin – Eau Claire, MBA from Carlson School of Management, and 20 years of professional experience in finance, accounting, human resources, and operations.

Provide the following qualifying financial statements:

- Audit letter, if audited;
- Balance Sheet;
- Statement of Income;
- Statement of Cash Flows;
- Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- Financial Notes

Financial Statement Requirements:

- Financial statements must be published together with this disclosure statement as one document.
- Financial statements must be “machine readable”. Do not publish images/scans of financial statements.
- Financial statements must be presented with comparative financials against the prior FYE or period, as applicable.
- Financial statements must be prepared in accordance with U.S. GAAP or International Financial Reporting Standards (IFRS) but are not required to be audited.

10) Issuer Certification

Principal Executive Officer:

⁶ The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Rodney Peterson, certify that:

1. I have reviewed this Disclosure Statement for Delphax Technologies, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

01/13/2025 [Date]

/s/Rodney Peterson [CEO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

Principal Financial Officer:

I, Rodney Peterson certify that:

1. I have reviewed this Disclosure Statement for Delphax Technologies, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

02/14/2025 [Date]

/s/Rodney Peterson [CFO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

Delphax Technologies, Inc.
Profit and Loss Comparison
For Fiscal Year 2024 as of December 31, 2024

	<u>Three Months Ended 31-Dec-24</u>	<u>Three Months Ended 31-Dec-23</u>
Operating Revenues	\$ 3,000	\$ 3,000
Operating Expenses	\$ 24,825	\$ 10,157
Operating Loss	<u>\$ (21,825)</u>	<u>\$ (7,157)</u>
Other Non-operating Income (Expenses), net	\$ -	\$ -
Income (Loss) Before Income Taxes	<u>\$ (21,825)</u>	<u>\$ (7,157)</u>
Income Taxes	\$ 9,484	\$ (5,652)
Net Income (Loss)	<u><u>\$ (31,310)</u></u>	<u><u>\$ (1,505)</u></u>

The accompanying notes are an integral part of these financial statements

Delphax Technologies, Inc.
Balance Sheet
As of December 31, 2024

	31-Dec-24	30-Sep-24
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,663	\$ 2,469
Accounts Receivable, net	\$ 115,844	\$ 112,844
Total current assets	\$ 118,507	\$ 115,312
Total Assets	\$ 118,507	\$ 115,312
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 121,300	\$ 97,096
Accrued Expenses	\$ -	\$ -
Total current liabilities	\$ 121,300	\$ 97,096
Total Liabilities	\$ 121,300	\$ 97,096
STOCKHOLDERS EQUITY		
Common Stock	\$ 691,947	\$ 691,947
Preferred Stock	\$ 4,300	\$ 4,300
Additional Paid in Capital	\$ 24,930,711	\$ 24,920,411
Accumulative Deficit	\$ (25,598,440)	\$ (25,598,440)
Other Comprehensive Income	\$ -	\$ -
Total stockholders equity	\$ 28,517	\$ 18,217
Total Liabilities and Stockholders equity	\$ 149,817	\$ 115,312

The accompanying notes are an integral part of these financial statements

Delphax Technologies, Inc.
Statement of Cash Flows
As of December 31, 2024

	Three Months Ended	Three Months Ended
	31-Dec-24	31-Dec-23
	<hr/>	<hr/>
Net Income	\$ (31,310)	\$ (1,505)
Adjustments to Net Income		
(Increase) Decrease in Accounts Receivable	\$ (3,000)	\$ (3,000)
Increase (Decrease) in Accounts Payable	\$ 24,204	\$ 3,696
Net Cash Provided by Operating Activities	<u>\$ (10,105)</u>	<u>\$ (809)</u>
Cash Flow from Financing Activities		
Shareholder Contributions - APIC	\$ 10,300	\$ 2,500
Net Cash provided by Financing Activities	<u>\$ 10,300</u>	<u>\$ 2,500</u>
Increase (Decrease) in Cash Flow	<u>\$ 195</u>	<u>\$ 1,691</u>
Beginning Cash and cash equivalents	\$ 2,469	\$ 1,690
Ending Cash and cash equivalents	\$ 2,663	\$ 3,381

The accompanying notes are an integral part of these financial statements

Consolidated Statement of Changes in Stockholders' Deficit
Fiscal Year 2024 as of December 31, 2024

	Common Stock	Preferred Stock	Additional Paid in Capital	Other Compre hensive Income (OCI)	Accumulated Deficit	Total
September 30, 2022						
Balance	\$ 691,947	\$ 4,300	\$ 24,772,911	\$ -	\$ (25,429,957)	\$ 39,200
Net Income					\$ (105,173)	\$ (105,173)
Shareholder Capital			\$ 85,000			\$ 85,000
September 30, 2023						
Balance	\$ 691,947	\$ 4,300	\$ 24,857,911	\$ -	\$ (25,535,130)	\$ 19,027
Net Income					\$ (63,310)	\$ (63,310)
Shareholder Capital			\$ 62,500			\$ 62,500
September 30, 2024						
Balance	\$ 691,947	\$ 4,300	\$ 24,920,411	\$ -	\$ (25,598,440)	\$ 18,217
Net Income					\$ -	\$ -
Shareholder Capital			\$ 10,300			\$ 10,300
December 31, 2024 Ba	\$ 691,947	\$ 4,300	\$ 24,930,711	\$ -	\$ (25,598,440)	\$ 28,517

The accompanying notes are an integral part of these financial statements

DELPHAX TECHNOLOGIES, INC.
Notes to the Unaudited Financial Statements
For The Period Ended December 31, 2024

NOTE 1: THE COMPANY AND THE SIGNIFICANT ACCOUNTING POLICIES

The Company

Delphax Technologies, Inc. holds a number of patents and intellectual property that it leases to third party vendors and manufacturers.

Basis of Presentation

The unaudited consolidated financial statements of the Company have been prepared in accordance with the U.S. Generally Accepted Account Principles ("U.S. GAAP").

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and cash in time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less. There has been minimal change in our cash or cash equivalents. Cash is held in FDIC insured bank accounts.

Accounts Receivable

The accounts receivable balances are generated primarily from patent agreements with a third-party commercial printer manufacturer.

Accounts Payable

The accounts payable balances include third party fulfillment charges, storage charges, and related outside services.

NOTE 3: OTHER INFORMATION

The company maintains a September 30 fiscal year end. Included in the deferred tax balances are U.S. federal and state loss carryforwards of \$14.7 million and \$24.1 million, respectively. The net operating losses expire in varying amounts beginning in the tax year 2028.

The provisions of ASC 740 require an assessment of both positive and negative evidence when determining whether it is more-likely-than-not that deferred tax assets will be recovered. In accounting for the Company's tax attributes, the Company has established a full valuation allowance of \$3.08 million. The cumulative tax losses incurred by the Company in recent years was the primary basis for the Company's determination that a full valuation allowance should be established against the Company's net deferred tax assets.