

Lumine Group Inc. Announces Results for the Three and Nine Months Ended September 30, 2024

November 1, 2024 - [Lumine Group Inc.](#) ("Lumine Group" or "the Company") (TSXV:LMN) announces financial results for the three and nine months ended September 30, 2024. All amounts referred to in this press release are in US dollars unless otherwise stated.

The following press release should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2024, and management's discussion and analysis ("MD&A") for the three and nine months ended September 30, 2024, which can be found on SEDAR+ at www.sedarplus.ca. Additional information about Lumine Group is also available on SEDAR+ and on Lumine Group's website www.luminegroup.com.

Q3 2024 Headlines:

- Revenue grew 35% to \$177.3 million compared to \$131.3 million in the same quarter prior year (including -9% organic growth after adjusting for foreign exchange impacts).
- The Company generated operating income of \$60.7 million during the quarter, a 35% increase from \$45.1 million in the same quarter prior year.
- The Company generated a net income of \$18.3 million during the quarter, from net loss of \$178.6 million in the same quarter prior year.
- Cash flows from operations ("CFO") decreased \$25.7 million to \$18.8 million compared to \$44.5 million in Q3 2023, representing a decrease of 58%.
- Free cash flow available to shareholders ("FCFA2S") decreased \$29.2 million to \$10.4 million compared to \$39.6 million in Q3 2023, representing a decrease of 74%.

Year-to-Date Q3 2024 Headlines:

- Revenue grew 35% to \$481.3 million compared to \$356.6 million in the same nine-month period prior year (including -8% organic growth after adjusting for foreign exchange impacts).
- The Company generated operating income of \$141.7 million in the nine-month period ended September 30, 2024, an increase of 37% from \$103.1 million in the same period prior year.
- An expense of \$317.4 million was incurred in the nine-month period ended September 30, 2024, up to the Mandatory Conversion Date, \$298.7 million is related to the mark to market adjustments on the fair value of the Preferred and Special Securities and \$18.7 million is related to the dividend payable. Fair value of the preferred and special securities is primarily dependent on the price movement of the Company's Subordinate Voting Shares.
- The Company generated a net loss of \$288.3 million during the nine-month period ended September 30, 2024, from net loss of \$1,319.3 million in the same period prior year. The net loss is primarily related to the redeemable preferred and special securities expense.

- CFO decreased \$18.0 million to \$63.9 million compared to \$81.9 million in the nine-month period ended September 30, 2023, representing a decrease of 22%.
- FCFA2S decreased \$26.6 million to \$42 million compared to \$68.6 million in the nine-month period ended September 30, 2023, representing a decrease of 39%.

Total revenue for the three months ended September 30, 2024 is \$177.3 million, an increase of 35%, or \$46.0 million, compared to \$131.3 million for the comparable period in 2023. For the nine months ended September 30, 2024, total revenue was \$481.3 million, an increase of 35%, or \$124.7 million, compared to \$356.6 million for the comparable period in 2023. The increase for the three and nine months compared to the same period in the prior year is attributable to revenues from prior year and current year acquisitions. The Company experienced organic growth of -8% and -8%, respectively for the three and nine months ended September 30, 2024 or -9% and -8% after adjusting for the impact of changes in the valuation of the US dollar against most major currencies in which the Company transacts business. For acquired companies, organic growth is calculated as the difference between actual revenues achieved by each business in the financial period following acquisition, compared to the estimated revenues they achieved in the corresponding financial period preceding the date of acquisition by the Company. Organic growth is not a standardized financial measure and might not be comparable to measures disclosed by other issuers.

Operating income for the three months ended September 30, 2024 was \$60.7 million, an increase of 35%, or \$15.6 million, compared to \$45.1 million for the same period in 2023. Operating income for the nine months ended September 30, 2024 was \$141.7 million, an increase of 37%, or \$38.6 million, compared to \$103.1 million for the same period in 2023. The increase for the three and nine-month periods is primarily attributable to prior year acquisitions. Operating income is not a standardized financial measure and might not be comparable to measures disclosed by other issuers. See “Non-IFRS Measures”.

Net Income for the three months ended September 30, 2024 was \$18.3 million compared to net loss of \$178.6 million for the same period in 2023. Net loss for the nine months ended September 30, 2024 was \$288.3 million compared to net loss of \$1,319.3 million for the same period in 2023. The decrease in net loss for the three and nine month periods is primarily attributable to the Mandatory Conversion of Preferred and Special Securities on March 25, 2024 such that no further preferred and special securities expense was booked in the current quarter.

For the three months ended September 30, 2024, CFO decreased \$25.7 million to \$18.8 million compared to \$44.5 million for the same period in 2023 representing a decrease of 58%. For the nine months ended September 30, 2024, CFO decreased \$18.0 million to \$63.9 million compared to \$81.9 million for the same period in 2023 representing a decrease of 22%. The decrease in CFO in the three and nine month periods is primarily attributable to the impact of changes in non-cash operating assets and liabilities exclusive of effects of business combinations.

For the three months ended September 30, 2024, FCFA2S decreased \$29.2 million to \$10.4 million compared to \$39.6 million for the same period in 2023 representing a decrease of 74%. For the nine months ended September 30, 2024, FCFA2S decreased \$26.6 million to \$42.0 million compared to \$68.6 million for the same period in 2023 representing a decrease of 39%. The decrease in the three and nine month periods is driven by lower CFO compared to the same periods in 2023. FCFA2S is a non-IFRS Measure. See “Non-IFRS Measures”.

Non-IFRS Measures

Operating income (loss) refers to income (loss) before income taxes, amortization of intangible assets, redeemable Preferred and Special Share expense, and finance and other expenses (income). We believe that operating income is useful supplemental information as it provides an indication of the profitability of the Company related to its core operations. Operating income (loss) is not a recognized measure under IFRS and may not be comparable to similar financial measures disclosed by other issuers. Accordingly, readers are cautioned that operating income (loss) should not be construed as an alternative to net income (loss).

The following table reconciles operating income to net income:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Net income (loss)	18.3	(178.6)	(288.3)	(1,319.3)
Adjusted for:				
Amortization of intangible assets	29.6	21.4	81.6	57.7
Redeemable preferred and special securities expense	-	194.8	317.4	1,346.0
Finance and other expense (income)	8.9	3.7	18.9	10.0
Income tax expense (recovery)	3.9	3.8	12.1	8.8
Operating income (loss)	60.7	45.1	141.7	103.1

Free cash flow available to shareholders “FCFA2S” refers to net cash flows from operating activities less interest paid on lease obligations, interest paid on bank debt, transaction costs on bank debt, repayments of lease obligations, dividends paid to redeemable preferred and special securities holders, and property and equipment purchased. The Company believes that FCFA2S is useful supplemental information as it provides an indication of the uncommitted cash flow that is available to shareholders if Lumine Group does not make any acquisitions, or investments, and does not repay any debts. While the Company could use the FCFA2S to pay dividends or repurchase shares, the Company’s objective is to invest all of its FCFA2S in acquisitions which meet the Company’s hurdle rate.

FCFA2S is not a recognized measure under IFRS and may not be comparable to similar financial measures disclosed by other issuers. Accordingly, readers are cautioned that FCFA2S should not be construed as an alternative to net cash flows from operating activities.

The following table reconciles FCFA2S to net cash flows from operating activities:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Net cash flows from operating activities:	18.8	44.5	63.9	81.9
Adjusted for:				
Interest paid on lease obligations	(0.1)	(0.2)	(0.4)	(0.5)
Interest paid on other facilities	(5.7)	(2.8)	(13.3)	(6.4)
Credit facility transaction costs	(0.0)	0.0	(1.9)	(1.8)
Payment of lease obligations	(1.6)	(1.4)	(4.6)	(3.8)
Property and equipment purchased	(1.1)	(0.4)	(1.7)	(0.8)
Free cash flow available to shareholders	10.4	39.6	42.0	68.6

Forward Looking Statements

Certain statements herein may be “forward looking” statements that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Lumine Group or the industry to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to vary significantly from the results discussed in the forward looking statements. These forward looking statements reflect current assumptions and expectations regarding future events and operating performance and are made as of the date hereof and Lumine Group assumes no obligation, except as required by law, to update any forward looking statements to reflect new events or circumstances.

About Lumine Group Inc.

Lumine Group acquires, strengthens, and grows, vertical market software businesses in the communications and media industry. Learn more at www.luminegroup.com.

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Lumine Group Inc.

Condensed Consolidated Interim Statements of Financial Position

(In thousands of USD. Due to rounding, numbers presented may not foot.)

Unaudited

	September 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash	\$ 180,357	\$ 146,509
Accounts receivable, net	142,741	104,955
Unbilled revenue, net	49,551	39,858
Inventories	521	521
Other assets	40,727	44,862
	413,897	336,705
Non-current assets:		
Property and equipment	7,243	4,164
Right of use assets	7,716	11,973
Deferred income taxes	10,400	6,197
Other assets	12,939	13,063
Intangible assets and goodwill	826,041	763,793
	864,339	799,190
Total assets	\$ 1,278,236	\$ 1,135,895
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 101,136	\$ 97,533
Due to related parties, net	1,807	2,380
Current portion of bank debt	2,248	3,071
Deferred revenue	86,890	91,726
Acquisition holdback payables	656	19
Lease obligations	5,128	6,358
Income taxes payable	12,978	12,436
Preferred and Special Securities	-	4,469,996
	210,843	4,683,519
Non-current liabilities:		
Deferred income taxes	109,985	124,659
Bank debt	286,457	149,636
Lease obligations	3,583	6,921
Other liabilities	7,767	13,127
	407,792	294,343
Total liabilities	618,635	4,977,862
Equity:		
Capital stock	490,669	-
Contributed surplus	185,142	(1,015,661)
Accumulated other comprehensive income (loss)	(3,814)	(6,296)
Retained earnings (deficit)	(12,396)	(2,820,010)
	659,601	(3,841,967)
Total liabilities and equity	\$ 1,278,236	\$ 1,135,895

Lumine Group Inc.

Condensed Consolidated Interim Statements of Income (Loss)

(In thousands of USD, except per share amounts. Due to rounding, numbers presented may not foot.)

Unaudited

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Revenue				
License	\$ 12,798	\$ 11,247	\$ 36,205	\$ 32,990
Professional services	32,780	23,061	86,622	63,328
Hardware and other	6,589	5,651	11,332	14,987
Maintenance and other recurring	125,167	91,342	347,099	245,262
	177,334	131,301	481,258	356,567
Expenses				
Staff	89,929	61,871	250,662	181,775
Hardware	3,657	3,374	6,595	9,825
Third party license, maintenance and professional services	8,575	7,783	28,981	20,568
Occupancy	2,246	1,064	4,117	2,630
Travel, telecommunications, supplies, software and equipment	4,152	5,218	23,660	15,104
Professional fees	2,637	2,060	11,124	12,292
Other, net	3,011	2,754	7,467	5,443
Depreciation	2,473	2,120	6,925	5,825
Amortization of intangible assets	29,616	21,351	81,648	57,668
	146,296	107,595	421,179	311,130
Redeemable Preferred and Special Securities expense	-	194,817	317,362	1,346,020
Finance and other expenses (income), net	8,898	3,703	18,868	9,960
	8,898	198,520	336,230	1,355,980
Income (loss) before income taxes	22,140	(174,814)	(276,151)	(1,310,543)
Current income tax expense (recovery)	13,572	12,651	31,127	30,813
Deferred income tax expense (recovery)	(9,710)	(8,815)	(18,982)	(22,042)
Income tax expense (recovery)	3,862	3,836	12,145	8,771
Net income (loss)	\$ 18,278	\$ (178,650)	\$ (288,296)	\$ (1,319,314)
Weighted average shares outstanding:				
Basic	256,620,389	74,040,058	199,991,663	71,967,707
Diluted	256,620,389	253,104,970	255,529,839	242,370,504
Earnings per share:				
Basic and diluted	\$ 0.07	\$ (2.41)	\$ (1.44)	\$ (18.33)

Lumine Group Inc.

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

(In thousands of USD. Due to rounding, numbers presented may not foot.)

Unaudited

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Net income (loss)	\$ 18,278	\$ (178,650)	\$ (288,296)	\$ (1,319,314)
Items that are or may be reclassified subsequently to net income (loss):				
Foreign currency translation differences from foreign operations and other	7,082	(4,657)	2,482	(4,968)
Other comprehensive (loss) income for the year, net of income tax	7,082	(4,657)	2,482	(4,968)
Total comprehensive income (loss) for the year	\$ 25,360	\$ (183,307)	\$ (285,814)	\$ (1,324,282)

Lumine Group Inc.

Condensed Consolidated Interim Statement of Changes in Equity

(In thousands of USD. Due to rounding, numbers presented may not foot.)

Unaudited

Nine months ended September 30, 2024

	Capital stock	Contributed surplus	Accumulated other comprehensive (loss) income	Retained earnings (deficit)	Total equity
Balance at January 1, 2024	\$ -	\$ (1,015,661)	\$ (6,296)	\$ (2,820,010)	\$ (3,841,967)
<i>Total comprehensive income (loss) for the period:</i>					
Net income (loss)	-	-	-	(288,296)	(288,296)
<i>Other comprehensive income (loss):</i>					
Foreign currency translation differences from foreign operations and other	-	-	2,482	-	2,482
Total other comprehensive income (loss) for the period	-	-	2,482	-	2,482
Total comprehensive income (loss) for the period	-	-	2,482	(288,296)	(285,814)
Settlement of Preferred and Special Share Dividends in Subordinate Voting Shares	87,368	-	-	-	87,368
Mandatory Conversion of Special and Preferred Shares	403,301	1,200,803	-	3,095,910	4,700,014
Balance at September 30, 2024	\$ 490,669	\$ 185,142	\$ (3,814)	\$ (12,396)	\$ 659,601

Lumine Group Inc.

Condensed Consolidated Interim Statement of Changes in Equity

(In thousands of USD. Due to rounding, numbers presented may not foot.)

Unaudited

Nine months ended September 30, 2023

	Capital stock	Contributed surplus	Accumulated other comprehensive (loss) income	Retained earnings (deficit)	Total equity
Balance at January 1, 2023	\$ -	\$ 162,692	\$ (8,912)	\$ -	\$ 153,780
<i>Total comprehensive income (loss) for the period:</i>					
Net income (loss)	-	-	-	(1,319,314)	(1,319,314)
<i>Other comprehensive income (loss):</i>					
Foreign currency translation differences from foreign operations and other	-	-	(4,968)	-	(4,968)
Total other comprehensive income (loss) for the period	-	-	(4,968)	-	(4,968)
Total comprehensive income (loss) for the period	-	-	(4,968)	(1,319,314)	(1,324,282)
Transactions with Parent, recorded directly in equity					
Capital contributions by Parent	-	22,451	-	-	22,451
Amalgamation with Lumine Group (Holdings) Inc.	-	(1,200,804)	-	-	(1,200,804)
Special Share conversion	-	-	-	5,110	5,110
Balance at September 30, 2023	\$ -	\$ (1,015,661)	\$ (13,880)	\$ (1,314,204)	\$ (2,343,746)

Lumine Group Inc.

Condensed Consolidated Interim Statements of Cash Flows

(In thousands of USD. Due to rounding, numbers presented may not foot.)

Unaudited	Three months ended September		Nine months ended September	
	30,		30,	
	2024	2023	2024	2023
Cash flows from (used in) operating activities:				
Net income (loss)	\$ 18,278	\$ (178,650)	\$ (288,296)	\$ (1,319,314)
Adjustments for:				
Depreciation	2,473	2,120	6,925	5,825
Amortization of intangible assets	29,616	21,351	81,648	57,668
Contingent consideration adjustments	(1,357)	58	(399)	(2,420)
Preferred and Special Securities expense (income)	-	194,817	317,362	1,346,020
Finance and other expenses (income)	8,898	3,703	18,868	9,960
Income tax expense (recovery)	3,862	3,836	12,145	8,771
Change in non-cash operating assets and liabilities exclusive of effects of business combinations	(34,300)	5,822	(68,428)	(4,565)
Income taxes (paid) received	(8,641)	(8,565)	(15,957)	(20,077)
Net cash flows from (used in) operating activities	18,829	44,492	63,868	81,868
Cash flows from (used in) financing activities:				
Interest paid on lease obligations	(105)	(205)	(388)	(464)
Interest paid on bank debt	(5,702)	(2,823)	(13,304)	(6,414)
Cash transferred from (to) Parent	345	(2,121)	(1,645)	(13,957)
Proceeds from issuance of bank debt	15,000	-	155,500	175,000
Repayments of bank debt	(17,976)	(50,244)	(18,464)	(50,897)
Transaction costs on bank debt	(25)	-	(1,874)	(1,771)
Payments of lease obligations	(1,560)	(1,419)	(4,594)	(3,784)
Issuance of Preferred Shares to Parent	-	-	-	181,484
Dividends paid	-	(12)	-	(24)
Net cash flows from (used in) in financing activities	(10,023)	(56,823)	115,231	279,173
Cash flows from (used in) investing activities:				
Acquisition of businesses	-	-	(144,325)	(314,760)
Cash obtained with acquired businesses	-	-	-	33,965
Post-acquisition settlement receipts (payments), net	5,685	(264)	4,706	(2,933)
Property and equipment purchased	(1,058)	(408)	(1,689)	(829)
Other investing activities	(720)	72	(984)	(584)
Net cash flows from (used in) investing activities	3,907	(600)	(142,292)	(285,142)
Effect of foreign currency on cash and cash equivalents	72	(1,827)	(2,959)	(1,839)
Increase (decrease) in cash	12,785	(14,758)	33,848	74,060
Cash, beginning of period	167,572	155,903	146,509	67,085
Cash, end of period	\$ 180,357	\$ 141,145	\$ 180,357	\$ 141,145