

# Lumine Group Inc. Announces Results for the Three Months Ended March 31, 2024

May 1, 2024 - [Lumine Group Inc.](#) (“Lumine Group” or “the Company”) (TSXV: LMN) announces financial results for the three months ended March 31, 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 months ended March 31, 2024, management’s discussion and analysis (“MD&A”) for the three months ended March 31, 2024, which can be found on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Additional information about Lumine Group is also available on SEDAR+ and on Lumine Group’s website [www.luminegroup.com](http://www.luminegroup.com).

## Q1 2024 Headlines:

- Revenue grew 48% to \$141.1 million compared to \$95.4 million in the same quarter prior year (including -3% organic growth after adjusting for foreign exchange impacts).
- The Company generated operating income of \$44.5 million during the quarter, a 105% increase from \$21.7 million in the same quarter prior year.
- An expense of \$317.4 million was incurred in the quarter 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 \$304.3 million during the quarter, from net loss of \$651.6 million in the same quarter prior year. The net loss is primarily related to the redeemable preferred and special share expense.
- Cash flows from operations (“CFO”) increased \$20.0 million to \$35.0 million compared to \$15.0 million in Q1 2023, representing an increase of 134%.
- Free cash flow available to shareholders (“FCFA2S”) increased \$17.1 million to \$28.8 million compared to \$11.7 million in Q1 2023, representing an increase of 146%.

Total revenue for the three months ended March 31, 2024 was \$141.1 million, an increase of 48%, or \$45.7 million, compared to \$95.4 million for the comparable period in 2023. The increase for the three month period is primarily attributable to growth from acquisitions. The Company experienced organic growth of -2% for the three months ended March 31, 2024 or -3% after adjusting for foreign exchange impacts. 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 March 31, 2024 was \$44.5 million, an increase of 105%, or \$22.8 million, compared to \$21.7 million for the same period in 2023. The increase for the three month period is primarily attributable to growth from 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 loss for the three months ended March 31, 2024 was \$304.3 million compared to net loss of \$651.6 million for the same period in 2023. The decrease in net loss for the three month period is primarily attributable to lower expense of \$337.3 million for the three months ended March 31, 2024 related to fair value adjustments and accrued dividends on the redeemable preferred and special securities compared to the same period in 2023.

For the three months ended March 31, 2024, CFO increased \$20.0 million to \$35.0 million compared to \$15.0 million for the same period in 2023 representing an increase of 134%. The primary reason for the increase is that CFO includes the impact of changes in non-cash operating assets and liabilities exclusive of effects of business combinations partly offset by changes in non-cash operating working capital (“NCOWC”).

For the three months ended March 31, 2024, FCFA2S increased \$17.1 million, or 146%, to \$28.8 million compared to \$11.7 million for the same period in 2023. The increase is primarily a result of higher CFO during the period. FCFA2S is not a standardized financial measure and might not be comparable to measures disclosed by other issuers. 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 March 31,	
	2024	2023
Net income (loss)	(304.3)	(651.6)
Adjusted for:		
Amortization of intangible assets	22.8	14.8
Redeemable preferred and special securities expense	317.4	654.6
Finance and other expense (income)	4.3	1.9
Income tax expense (recovery)	4.3	1.8
Operating income (loss)	44.5	21.7

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 March 31,	
	2024	2023
Net cash flows from operating activities:	35.0	15.0
Adjusted for:		
Interest paid on lease obligations	(0.2)	(0.1)
Interest paid on other facilities	(2.5)	(0.3)
Credit facility transaction costs	(1.7)	(1.8)
Payment of lease obligations	(1.6)	(0.8)
Property and equipment purchased	(0.4)	(0.2)
Free cash flow available to shareholders	28.8	11.7

## 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](http://www.luminegroup.com).

**For further information:**

David Nyland  
Chief Executive Officer  
Lumine Group  
[david.nyland@luminegroup.com](mailto:david.nyland@luminegroup.com)  
+1-437-353-4910

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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

	March 31, 2024	December 31, 2023
<b>Assets</b>		
Current assets:		
Cash	\$ 259,789	\$ 146,509
Accounts receivable	100,817	104,955
Unbilled revenue	42,786	39,858
Inventories	572	521
Other assets	44,104	46,377
	448,068	338,220
Non-current assets:		
Property and equipment	3,848	4,164
Right of use assets	10,648	11,973
Deferred income taxes	6,009	6,197
Other assets	11,794	13,063
Intangible assets and goodwill	737,489	763,081
	769,788	798,478
<b>Total assets</b>	<b>\$ 1,217,856</b>	<b>\$ 1,136,698</b>
<b>Liabilities and Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 91,206	\$ 97,533
Due to related parties, net	1,117	2,380
Current portion of bank debt	2,228	3,071
Deferred revenue	94,382	91,726
Acquisition holdback payables	318	319
Lease obligations	6,434	6,358
Income taxes payable	9,310	12,436
Preferred and Special Securities	-	4,469,996
	204,995	4,683,819
Non-current liabilities:		
Deferred income taxes	120,803	125,294
Bank debt	238,497	149,636
Lease obligations	5,436	6,921
Other liabilities	10,672	12,995
	375,408	294,846
<b>Total liabilities</b>	<b>580,403</b>	<b>4,978,665</b>
Equity:		
Capital stock	490,669	-
Contributed surplus	185,142	(1,015,661)
Accumulated other comprehensive income (loss)	(9,921)	(6,296)
Retained earnings (deficit)	(28,437)	(2,820,010)
	637,453	(3,841,967)
Subsequent events		
<b>Total liabilities and equity</b>	<b>\$ 1,217,856</b>	<b>\$ 1,136,698</b>

# 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 March 31,	
	2024	2023
Revenue		
License	\$ 11,720	\$ 10,649
Professional services	24,933	16,827
Hardware and other	2,417	4,608
Maintenance and other recurring	102,029	63,297
	141,099	95,381
Expenses		
Staff	73,028	48,619
Hardware	1,520	3,319
Third party license, maintenance and professional services	8,539	4,735
Occupancy	896	777
Travel, telecommunications, supplies, software and equipment	6,757	4,672
Professional fees	2,832	7,313
Other, net	946	2,782
Depreciation	2,115	1,510
Amortization of intangible assets	22,821	14,836
	119,454	88,563
Redeemable Preferred and Special Securities expense	317,362	654,615
Finance and other expenses (income)	4,272	1,925
	321,634	656,540
Income (loss) before income taxes	(299,989)	(649,722)
Current income tax expense (recovery)	8,346	7,513
Deferred income tax expense (recovery)	(3,998)	(5,670)
Income tax expense (recovery)	4,348	1,843
Net income (loss)	\$ (304,337)	\$ (651,565)
Weighted average shares outstanding:		
Basic	86,111,920	67,787,851
Diluted	253,336,755	236,683,131
Earnings per share:		
Basic and diluted	\$ (3.53)	\$ (9.61)

# 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 March 31,	
	2024	2023
Net income (loss)	\$ (304,337)	\$ (651,565)
Items that are or may be reclassified subsequently to net income (loss):		
Foreign currency translation differences from foreign operations and other	(3,625)	589
Other comprehensive (loss) income for the year, net of income tax	(3,625)	589
Total comprehensive income (loss) for the year	\$ (307,962)	\$ (650,976)

# Lumine Group Inc.

## Condensed Consolidated Interim Statement of Changes in Equity

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

Unaudited

Three months ended March 31, 2024

	Capital stock	Contributed surplus	Accumulated other comprehensive (loss) income	Retained earnings (deficit)	Total equity
<b>Balance at January 1, 2024</b>	\$ -	\$(1,015,661)	\$ (6,296)	\$2,820,010	\$(3,841,967)
<i>Total comprehensive income (loss) for the year:</i>					
Net income (loss)	-	-	-	(304,337)	(304,337)
<i>Other comprehensive income (loss):</i>					
Foreign currency translation differences from foreign operations and other	-	-	(3,625)	-	(3,625)
<b>Total other comprehensive income (loss) for the year</b>	-	-	<b>(3,625)</b>	-	<b>(3,625)</b>
<b>Total comprehensive income (loss) for the year</b>	-	-	<b>(3,625)</b>	<b>(304,337)</b>	<b>(307,962)</b>
Mandatory Conversion of Special and Preferred Shares	403,301	1,200,803	-	3,095,910	4,700,014
Settlement of Preferred and Special Share Dividends	87,368	-	-	-	87,368
<b>Balance at March 31, 2024</b>	<b>\$490,669</b>	<b>\$ 185,142</b>	<b>\$ (9,921)</b>	<b>\$ (28,437)</b>	<b>\$ 637,453</b>

# Lumine Group Inc.

## Condensed Consolidated Interim Statement of Changes in Equity

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

Unaudited

Three months ended March 31, 2023

	Capital stock	Contributed surplus	Accumulated other comprehensive (loss) income	Retained earnings (deficit)	Total equity
<b>Balance at January 1, 2023</b>	\$ -	\$ 162,692	\$ (8,912)	\$ -	\$ 153,780
<i>Total comprehensive income (loss) for the year:</i>					
Net income (loss)	-	-	-	(651,565)	(651,565)
<i>Other comprehensive income (loss):</i>					
Foreign currency translation differences from foreign operations and other	-	-	589	-	589
<b>Total other comprehensive income (loss) for the year</b>	-	-	<b>589</b>	-	<b>589</b>
<b>Total comprehensive income (loss) for the year</b>	-	-	<b>589</b>	<b>(651,565)</b>	<b>(650,976)</b>
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 (note 14)	-	-	-	1,067	1,067
<b>Balance at March 31, 2023</b>	\$ -	\$ (1,015,661)	\$ (8,323)	\$ (650,498)	\$ (1,674,482)

# 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 March 31,	
	2024	2023
Cash flows from (used in) operating activities:		
Net income (loss)	\$ (304,337)	\$ (651,565)
Adjustments for:		
Depreciation	2,115	1,510
Amortization of intangible assets	22,821	14,836
Contingent consideration adjustments	43	670
Preferred and Special Securities expense (income)	317,362	654,615
Finance and other expenses (income)	4,272	1,925
Income tax expense (recovery)	4,348	1,843
Change in non-cash operating assets and liabilities exclusive of effects of business combinations	(7,991)	(4,031)
Income taxes (paid) received	(3,637)	(4,834)
Net cash flows from (used in) operating activities	34,996	14,969
Cash flows from (used in) financing activities:		
Interest paid on lease obligations	(154)	(93)
Interest paid on bank debt	(2,472)	(342)
Cash transferred from (to) Parent	(2,107)	(4,670)
Proceeds from issuance of bank debt	90,000	175,000
Repayments of bank debt	(244)	(244)
Transaction costs on bank debt	(1,655)	(1,771)
Payments of lease obligations	(1,566)	(840)
Issuance of Preferred Shares to Parent	-	181,484
Net cash flows from (used in) in financing activities	81,802	348,524
Cash flows from (used in) investing activities:		
Acquisition of businesses	-	(314,760)
Cash obtained with acquired businesses	-	33,965
Post-acquisition settlement payments, net of receipts	(685)	(362)
Property and equipment purchased	(361)	(241)
Other investing activities	6	-
Net cash flows from (used in) investing activities	(1,039)	(281,399)
Effect of foreign currency on cash and cash equivalents	(2,479)	302
Increase (decrease) in cash	113,280	82,396
Cash, beginning of period	146,509	67,085
Cash, end of period	\$ 259,789	\$ 149,481