LUMINE GROUP INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management discussion and analysis ("MD&A") should be read in conjunction with the Unaudited Condensed Consolidated Interim Financial Statements for the three months ended March 31, 2025, which were prepared in accordance with International Accounting Standard 34, Interim Financial Reporting as issued by the International Accounting Standards Board, and the Consolidated Financial Statements for the year ended December 31, 2024, which were prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS"). Certain information included herein is forward looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "Forward Looking Statements" and "Risk Factors".

Unless otherwise indicated, all dollar amounts are expressed in U.S. dollars and all references to "$" are to U.S. dollars. Due to rounding, certain totals and subtotals may not foot and certain percentages may not reconcile.

Additional information about Lumine Group Inc. (the "Company" or "Lumine"), is available on SEDAR+ at www.sedarplus.ca.

Forward Looking Statements

Certain statements in this report may contain "forward looking" statements that involve risks, uncertainties and other factors that may cause the actual results, performance or achievements of Lumine or its industry to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Words such as "may", "will", "expect", "believe", "plan", "intend", "should", "anticipate" and other similar terminology are intended to identify forward looking statements. These statements reflect current assumptions and expectations regarding future events and operating performance as of the date of this MD&A, May 1, 2025. 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 such results will be achieved. Several factors could cause actual results to vary significantly from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under "Risk Factors". Although the forward-looking statements contained in this MD&A are based upon what management of Lumine believes are reasonable assumptions, Lumine cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this MD&A and Lumine assumes no obligation, except as required by law, to update any forward-looking statements to reflect new events or circumstances. This report should be viewed in conjunction with Lumine's other publicly available filings, copies of which can be obtained electronically on SEDAR+ at www.sedarplus.ca.

Non-IFRS Measures

This MD&A includes certain measures which have not been prepared in accordance with IFRS such as free cash flow available to shareholders and operating income.

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 indebtedness, transaction costs on bank indebtedness, repayments of lease obligations and property and equipment purchased. We believe that FCFA2S is useful supplemental information as it provides an indication of the uncommitted cash flow that is available to shareholders if we do not make any acquisitions, or investments, and do not repay any debts. While we could use the FCFA2S to pay dividends or repurchase shares, our objective is to invest all of our FCFA2S in acquisitions which meet our 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. See ''Results of Operations - Free cash flow available to shareholders" for a reconciliation of FCFA2S to net cash flows from operating activities.

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).   for a reconciliation of operating income (loss) to net income.

Overview

We acquire, strengthen and grow vertical market software (“VMS”) businesses in the Communications and Media industry. The Company is headquartered in Toronto, with businesses located worldwide. Generally, our businesses provide mission critical software solutions that address the specific needs of customers in particular segments of the Communications and Media industry. Our focus on acquiring businesses with growth potential, strengthening their core profitability, and then growing them, has allowed us to generate significant cash flow and revenue growth over the past several years. Our software solutions enable our customers to boost productivity and operate more cost effectively, innovate more rapidly to address rapidly changing market needs and opportunities, grow top-line sales, improve customer service, and reduce customer churn. Many of the VMS businesses that we acquire have the potential to be leaders within their particular market niches whether that be geography, tier of customer, type of customer, or other differentiated customer demographic. We target the VMS sector because of the attractive economics that it provides and our belief that our management teams have a deep understanding of those economics.

Our revenue consists primarily of software license fees, maintenance and other recurring fees, professional service fees and hardware sales. Software license revenue is comprised of license fees charged for the use of our software products generally licensed under multiple-year or perpetual arrangements. Maintenance and other recurring revenue consists of fees charged for customer support on our software products post-delivery and also includes, recurring fees derived from software as a service, subscriptions, term licenses, transaction-related revenues, managed services and hosted products. Professional service revenue consists of fees charged for implementation and integration services, customized programming, product training and consulting. Hardware sales include the resale of third party hardware that forms part of our customer solutions.

Expenses consist primarily of staff costs, the cost of hardware, third-party licenses, maintenance and professional services used internally and for our customers, travel and occupancy costs, other general operating expenses, and legal and advisory fees.

Three Months Ended March 31, 2025 Compared to 2024

Results of Operations

The following table displays a summary of the results of operations of the Company for the three months ended March 31, 2025 and 2024.

Results of Operations

(In millions of dollars or shares, except percentages and per share amounts)

(Unaudited)	Three months ended March 31,		Period-Over-Period Change	
	2025	2024	$	%
Revenue	178.7	141.1	37.6	27%
Expenses	119.2	96.6	22.6	23%
Operating income[1]	59.5	44.5	15.0	34%
Amortization of intangible assets	26.0	22.8	3.2	14%
Redeemable Preferred and Special Securities expense	-	317.4	(317.4)	-100%
Finance and other expense (income)	5.1	4.3	0.9	20%
Income before income taxes	28.4	(300.0)	328.3	NM
Income tax expense (recovery)				
Current income tax expense	14.6	8.3	6.2	75%
Deferred income tax expense (recovery)	(7.0)	(4.0)	(3.0)	75%
Income tax expense	7.6	4.3	3.2	74%
Net income (loss)	**20.8**	**(304.3)**	**325.1**	**NM**
Net cash flows from operating activities	**40.1**	**34.9**	**5.1**	**15%**
Free cash flow available to shareholders[1]	**35.0**	**28.8**	**6.2**	**22%**
Weighted average shares outstanding				
Basic	256.6	86.1	170.51	198%
Diluted	256.6	253.3	3.28	1%
Net profit (loss) per share				
Basic and diluted	0.08	(3.53)	3.62	NM
Net cash flows from operating activities per share				
Basic	0.16	0.41	(0.25)	-62%
Diluted	0.16	0.14	0.02	13%
Free cash flow available to shareholders per share[1]				
Basic	0.14	0.33	(0.20)	-59%
Diluted	0.14	0.11	0.02	20%

NM – Not meaningful

Due to rounding, certain totals may not foot and certain percentages may not reconcile.

[1] See “Non-IFRS Measures”.

Comparison of the three months ended March 31, 2025 and 2024

<u>Revenue</u>

Total revenue for the three months ended March 31, 2025 was $178.7 million, an increase of 27%, or $37.6 million, compared to $141.1 million for the comparable period in 2024. The increase for the three months compared to the same period in the prior year is attributable to revenues from new acquisitions. The Company experienced organic growth of -5% for the three months ended March 31, 2025 or -4% 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.

The following table displays the breakdown of our revenue according to revenue type:

	Three months ended March 31,		Period-Over-Period Change		Q1-24 Pro Forma Adj. (Note 1)	Organic Growth
	2025	2024	$	%	$	%
	($ in millions, except percentages)					
Licences	12.3	11.7	0.6	5%	9.9	-43%
Professional services	31.3	24.9	6.3	25%	9.2	-9%
Hardware and other	9.1	2.4	6.7	275%	1.8	115%
Maintenance and other recurring	126.0	102.0	24.0	24%	25.3	-1%
	178.7	141.1	37.6	27%	46.2	-5%

$M - Millions of dollars
Due to rounding, certain totals may not foot and certain percentages may not reconcile.

Note 1: Estimated pre-acquisition revenues for the three months ended March 31, 2024 from companies acquired after December 31, 2023 (Obtained from unaudited vendor financial information.)

For comparative purposes the table below shows the quarterly organic growth as compared to the same period in the prior year by revenue type for the prior 8 quarters. Note that the estimated revenues achieved by acquired companies in the corresponding financial period preceding the date of acquisition by the Company may be updated in the quarter following the quarter they were acquired resulting in slight variances to previously reported figures.

(unaudited)									**12 months ended**	
	Jun. 30 2023	**Sep. 30 2023**	**Dec. 31 2023**	**Mar. 31 2024**	**Jun. 30 2024**	**Sep. 30 2024**	**Dec. 31 2024**	**Mar. 31 2025**	**Mar. 31 2024**	**Mar. 31 2025**
Licenses	-25%	-14%	-34%	-16%	-43%	-40%	-38%	-43%	-24%	-41%
Professional services	10%	16%	4%	13%	-22%	-12%	-35%	-9%	10%	-20%
Hardware and other	31%	70%	36%	-59%	-69%	-39%	-29%	115%	8%	-23%
Maintenance and other recurring	1%	5%	2%	0%	0%	1%	6%	-1%	2%	2%
Revenue	**0%**	**6%**	**-2%**	**-2%**	**-12%**	**-8%**	**-9%**	**-5%**	1%	-9%

The following table shows the same information adjusting for the impact of foreign exchange movements.

	Jun. 30 2023	Sep. 30 2023	Dec. 31 2023	Mar. 31 2024	Jun. 30 2024	Sep. 30 2024	Dec. 31 2024	Mar. 31 2025	12 months ended Mar. 31 2024	12 months ended Mar. 31 2025
Licenses	-26%	-16%	-35%	-17%	-43%	-40%	-38%	-43%	-25%	-41%
Professional services	10%	12%	2%	11%	-22%	-13%	-35%	-8%	9%	-20%
Hardware and other	31%	64%	32%	-60%	-69%	-39%	-31%	115%	1%	-23%
Maintenance and other recurring	1%	3%	1%	0%	0%	0%	6%	-1%	2%	1%
Revenue	**1%**	**4%**	**-3%**	**-3%**	**-12%**	**-9%**	**-9%**	**-4%**	**0%**	**-9%**

Expenses

The following table displays the breakdown of our expenses:

Expenses	Three months ended March 31, 2025	Three months ended March 31, 2024	Period-Over-Period Change $	Period-Over-Period Change %
	($ in millions, except percentages)			
Staff	83.9	73.0	10.9	15%
Hardware	4.7	1.5	3.1	207%
Third party license, maintenance and professional services	11.2	8.5	2.7	31%
Occupancy	1.0	0.9	0.1	11%
Travel, telecommunications, supplies & software and equipment	9.0	6.8	2.3	34%
Professional fees	3.8	2.8	1.0	36%
Other, net	3.3	0.9	2.3	248%
Depreciation	2.3	2.1	0.2	7%
	119.2	96.6	22.6	23%

Due to rounding, certain totals may not foot and certain percentages may not reconcile.

Overall expenses for the three months ended March 31, 2025 increased 23%, or $22.6 million to $119.2 million, compared to $96.6 million during the same period in 2024. As a percentage of total revenue, expenses equalled 67% for the three months ended March 31, 2025 and 68% for the same period in 2024.

Staff expense – Staff expenses increased 15% or $10.9 million for the three months ended March 31, 2025 over the same period in 2024. Staff expense can be broken down into five key operating departments: Professional Services, Maintenance, Research and Development, Sales and Marketing, and General and Administrative. Included within staff expenses for each of the above five departments are personnel and related costs associated with providing the necessary services. The table below compares the period over period variances.

	Three months ended March 31, 2025	Three months ended March 31, 2024	Period-Over-Period Change $	Period-Over-Period Change %
	($ in millions, except percentages)			
Professional services	14.9	12.2	2.7	22%
Maintenance	18.6	14.5	4.2	29%
Research and development	23.9	20.1	3.7	19%
Sales and marketing	11.3	11.1	0.1	1%
General and administrative	15.3	15.0	0.3	2%
	83.9	73.0	10.9	15%

Due to rounding, certain totals may not foot and certain percentages may not reconcile.

The increase in staff expenses for the three ended March 31, 2025 was primarily due to the growth in the number of employees compared to the same periods in 2024.

Hardware expenses – Hardware expenses increased 207% or $3.1 million for the three months ended March 31, 2025, over the same period in 2024 as compared with the 275% increase in hardware and other revenue for the three months ended March 31, 2025 over the comparable period in 2024. Hardware margin for the three months ended March 31, 2025, was 49%, as compared to 37% for the comparable period in 2024. Hardware sales typically consist of the resale of third-party hardware as part of the sale of customized solutions to our customers. Margins are affected by the macroeconomic environment and vary period to period based on the nature, geographical location, and type of hardware required of solutions provided.

Third party license, maintenance and professional services expenses – Third party license, maintenance and professional services expenses increased 31% or $2.7 million for the three months ended March 31, 2025 over the same period in 2024. The increase is primarily due to third party license, maintenance and professional services expenses of acquired businesses.

Occupancy expenses – Occupancy expenses increased 11% or $0.1 million for the three months ended March 31, 2025 over the same period in 2024. The increase is primarily attributable to increased occupancy expenses associated with acquisitions in the preceding quarters and new lease agreements entered into in Q1 2025.

Travel, telecommunications, supplies & software and equipment expenses – Travel, telecommunications, supplies & software and equipment expenses increased 34% or $2.3 million for the three months ended March 31, 2025 over the same period in 2024. The increase in these expenses is primarily due to expenses incurred by acquired businesses in the preceding quarters.

Professional fees – Professional fees increased by 36% or $1.0 million for the three months ended March 31, 2025 over the same period in 2024. The increase for the three months ended March 31, 2025 is due to higher professional fees incurred by new acquisitions made in the preceding quarters as well as professional fees incurred on external audits and valuations.

Other, net – Other expenses increased by 248% or $2.3 million for the three months ended March 31, 2025 over the same period in 2024. The following table provides a further breakdown of expenses within this category.

	Three months ended March 31,		Period-Over-Period Change	
	2025	2024	$	%
	($ in millions, except percentages)			
Advertising and promotion	1.9	0.8	1.0	127%
Recruiting and training	0.5	0.5	(0.0)	-1%
R&D tax credits	(1.0)	(3.1)	2.1	-68%
Contingent consideration	(0.1)	0.0	(0.2)	NM
Other expense, net	2.0	2.7	(0.7)	-25%
	3.3	0.9	2.3	248%

NM – Not meaningful
Due to rounding, certain totals may not foot and certain percentages may not reconcile.

Advertising and promotion expense increased 127% or $1.0 million for the three months ended March 31, 2025 over the same period in 2024. The increase is mainly attributable to increased spending across the businesses in order to expand sales pipelines, including trade shows and conferences.

R&D tax credits decreased by 68% or $2.1 million for the three months ended March 31, 2025 over the same period in 2024. The decrease is mainly due to a prior period true up of US SR&ED tax credits recognized in 2024, which is not applicable in the current period.

Other expense, net decreased 25% or $0.7 million for the three months ended March 31, 2025 over the same period in 2024. This includes bad debt expense, subscription and membership fees, management fees paid to the CSI/Volaris (the “Parent”), which reimburse the Parent for services and resources they provided to the Company (see “Related Parties” below for a discussion of the nature of these charges), bank fees, and withholding taxes. The decrease in other expense for the three months ended March 31, 2025 is mainly due to lower bad debt expense and withholding taxes partly offset by higher subscription and membership fees as well as management fees.

There are no individually material reasons contributing to the remaining variances.

Depreciation – Depreciation of property and equipment increased 7% or $0.2 million for the three months ended March 31, 2025 as compared to the same period in 2024. The increase in depreciation expense from acquired businesses was partially offset by decreases in depreciation expense at various existing business units as assets reached the end of their useful lives for the three months ended March 31, 2025.

Operating Income

Operating income for the three months ended March 31, 2025 was $59.5 million compared to $44.5 million for the same period in 2024. Operating income is a non-IFRS Measure. See “Non-IFRS Measures”.

The following table reconciles operating income to net income:

	Three months ended March 31,		Period-Over-Period Change	
	2025	2024	$	%
Net income (loss)	20.8	(304.3)	325.1	NM
Adjusted for:				
Amortization of intangible assets	26.0	22.8	3.2	14%
Redeemable preferred and special securities expense	-	317.4	(317.4)	-100%
Finance and other expense (income)	5.1	4.3	0.9	20%
Income tax expense (recovery)	7.6	4.3	3.2	74%
Operating income[1]	59.5	44.5	15.0	34%

[1] See “Non-IFRS Measures”.

Other Income and Expenses

The following table displays the breakdown of our other income and expenses:

	Three months ended March 31,		Period-Over-Period Change	
	2025	2024	$	%
	($ in millions, except percentages)			
Amortization of intangible assets	26.0	22.8	3.2	14%
Foreign exchange (gain) loss	1.2	1.4	(0.2)	-16%
Redeemable Preferred and Special Securities expense	-	317.4	(317.4)	-100%
Finance and other expense (income)	3.9	2.9	1.1	38%
Income tax expense (recovery)	7.6	4.3	3.2	74%
	38.7	348.8	(310.1)	-89%

NM – Not meaningful
Due to rounding, certain totals may not foot and certain percentages may not reconcile.

Amortization of intangible assets – Amortization of intangible assets increased 14% or $3.2 million for the three months ended March 31, 2025 over the same period in 2024. The increase in amortization for the three months ended March 31, 2025 is primarily attributable to an increase in the carrying amount of our intangible asset balance as a result of acquisitions.

Foreign exchange (gain) loss – Most of our businesses are organized geographically so many of our expenses are incurred in the same currency as our revenues, which mitigates some of our exposure to currency fluctuations. For the three months ended March 31, 2025, we recorded a foreign exchange loss of $1.2 million compared to a loss of $1.4 million for the same period in 2024. The year-over-year fluctuations in foreign exchange (gain) loss relate to movement in foreign currency exchange rates.

Redeemable Preferred and Special Securities expense – Redeemable Preferred and Special Share expense decreased by $317.4 million or 100% for the three months ended March 31, 2025 over the same period in 2024. This is mainly due to mandatory conversion of Preferred and Special Securities in Q1 2024. For more information on the Redeemable Preferred and Special Securities expense, including additional details regarding the mandatory conversion, see Lumine's annual financial statement for the year ended December 31, 2024.

Finance and other expense (income) – Finance and other expense increased $1.1 million for the three months ended March 31, 2025 over the same period in 2024. The increase is largely driven by interest paid on credit facilities which had an average outstanding balance higher than in the prior period.

Income taxes – We operate globally, and we calculate our tax provision in each of the jurisdictions in which we conduct business. Our effective tax rate on a combined basis is, therefore, affected by the realization and anticipated relative profitability of our operations in those various jurisdictions, as well as different tax rates that apply and our ability to utilize tax losses and other credits. For the three months ended March 31, 2025, income tax expense increased $3.3 million to $7.6 million compared to an income tax expense of $4.3 million for the same period in 2024. The Company's consolidated effective tax rate in respect of continuing operations for the three months ended March 31, 2025 was 26.70% (-1.45% for the comparative three months ended March 31, 2024). The change in the effective tax rate for the three months ended March 31, 2025 is mainly impacted by redeemable preferred and special securities expense in 2024, which are not deductible for tax purposes and not applicable in the current period.

Net Income (Loss) per Share

Net income for the three months ended March 31, 2025 was $20.8 million compared to net loss of $(304.3) million for the same period in 2024. On a per share basis, this translated into net income per basic and diluted share of $0.08 in the three months ended March 31, 2025 compared to net loss per basic and diluted share of $(3.53) for the same period in 2024.

Net cash flows from operating activities ("CFO")

For the three months ended March 31, 2025, CFO increased $5.1 million to $40.1 million compared to $34.9 million for the same period in 2024 representing an increase of 15%. The increase is driven by higher operating income of $15.0 million partly offset by a change in non-cash operating working capital of $9.4 million and higher income taxes paid of $1.2 million.

Free cash flows available to shareholders ("FCFA2S")

For the three months ended March 31, 2025, FCFA2S increased $6.2 million to $35.0 million compared to $28.8 million for the same period in 2024 representing an increase of 22%. The increase in the three months ended March 31, 2025 is driven by higher CFO compared to the same periods in 2024 partly offset by interest paid on bank indebtedness. FCFA2S is a non-IFRS Measure. See "Non-IFRS Measures".

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

	Three months ended March 31,		Period-Over-Period Change	
	2025	2024	$	%
Net cash flows from operating activities:	40.1	34.9	5.1	15%
Adjusted for:				
Interest paid on lease obligations	(0.1)	(0.2)	0.0	-32%
Interest paid on other facilities	(3.8)	(2.5)	(1.3)	54%
Credit facility transaction costs	(0.0)	(1.7)	1.6	-99%
Payment of lease obligations	(1.6)	(1.6)	(0.0)	1%
Interest, dividends and other proceeds received	0.7	0.1	0.6	940%
Property and equipment purchased	(0.3)	(0.4)	0.1	-30%
Free cash flow available to shareholders	35.0	28.8	6.2	22%

Quarterly Results

	Quarter ended							
	Jun. 30 2023	Sep. 30 2023	Dec. 31 2023	Mar. 31 2024	Jun. 30 2024	Sep. 30 2024	Dec. 31 2024	Mar. 31 2025
Revenue	129.9	131.3	143.1	141.1	162.8	177.3	187.1	178.7
Operating income[1]	36.4	45.1	41.6	44.5	36.6	60.7	68.7	59.5
Net income (loss)	(489.1)	(178.6)	(1,506.3)	(304.3)	(2.2)	18.3	29.4	20.8
CFO	22.4	44.5	26.4	35.0	10.0	18.8	52.3	40.1
FCFA2S[1]	17.3	39.6	20.3	28.8	2.8	10.4	43.7	35.0
Weighted average shares (in millions)								
Basic	74.0	74.0	74.0	86.1	256.6	256.6	256.6	256.6
Diluted	253.1	253.1	253.1	253.3	256.6	256.6	256.6	256.6
Net income (loss) per share								
Basic and diluted	(6.61)	(2.41)	(20.34)	(3.53)	(0.01)	0.07	0.11	0.08
CFO per share								
Basic	0.30	0.60	0.36	0.41	0.04	0.07	0.20	0.16
Diluted	0.09	0.18	0.10	0.14	0.04	0.07	0.20	0.16
FCFA2S per share[1]								
Basic	0.23	0.54	0.27	0.33	0.01	0.04	0.17	0.14
Diluted	0.07	0.16	0.08	0.11	0.01	0.04	0.17	0.14

[1] See “Non-IFRS Measures”.

In millions of dollars, except per share amounts.

We do not generally experience significant seasonality in our operating results from quarter to quarter. However, our quarterly results may fluctuate as a result of the various acquisitions which may be completed by the Company in any given quarter. We may experience variations in our net income on a quarterly basis depending upon the timing of certain expenses or gains, which may include changes in provisions, acquired contract liabilities, and gains or losses on the sale of financial and other assets. The Preferred and Special Securities expense (income) was primarily dependent on the price movement of Subordinate Voting Shares.

Liquidity

			Period-Over-Period Change	
	As at March 31, 2025	As at December 31, 2024	$	%
Cash	0.3	0.2	0.0	19%
Other Current assets (except cash)	0.3	0.2	0.0	8%
Non-current assets	0.8	0.8	(0.0)	-3%
Total assets	**1.3**	**1.3**	**0.0**	**3%**
Current liabilities	0.2	0.2	0.0	8%
Non-current liabilities	0.4	**0.4**	(0.0)	-1%
Total Equity	0.7	0.7	0.0	4%
Total Liabilities	**1.3**	**1.3**	**0.0**	**3%**

Cash increased by $41.1 million to $252.1 million at March 31, 2025 from December 31, 2024. The increase in cash was predominantly driven by cash generated from operations and receipt of funds held as restricted cash partly offset by payment of interest on bank debt. Bank indebtedness increased by $0.5 million to $279.1 million at March 31, 2025 compared to $278.6 million at December 31, 2024. Due to related parties, net (see “Related Parties” below) increased by $0.8 million to $3.8 million compared to $3.0 million at December 31, 2024.

Total assets increased $38.0 million, from $1,287.2 million at December 31, 2024 to $1,325.2 million at March 31, 2025. The increase is primarily due to a $41.1 million increase in cash, $8.1 million increase in other current assets, $6.9 million increase in accounts receivables and $5.7 million increase in unbilled revenue partly offset by $23.4 million decrease in intangible assets. The increase in cash is mainly driven by the cash generated from operations. The decrease in intangible assets is due to regular amortization.

Current liabilities increased $18.3 million, from $217.2 million at December 31, 2024 to $235.5 million at March 31, 2025. The increase is primarily due to the increase in deferred revenue by $17.0 million.

Non-current liabilities decreased $5.3 million, from $391.3 million at December 31, 2024 to $386.0 million at March 31, 2025. The decrease is primarily due to a decrease of $4.9 million in deferred income taxes.

(Unaudited)
Net Changes in Cash Flows
($ in millions)

	Three months ended March 31,		Period-Over-Period Change	
	2025	2024	$	%
Net cash provided by operating activities	40.1	34.9	5.1	15%
Net cash from (used in) financing activities	(5.7)	81.8	(87.5)	NM
Cash used in the acquisition of businesses	(0.9)	(0.7)	(0.3)	37%
Net cash from (used in) other investing activities	4.8	(0.3)	5.1	NM
Net cash from (used in) investing activities	3.8	(1.0)	4.8	NM
Effect of foreign currency	2.9	(2.5)	5.3	NM
Net increase (decrease) in cash and cash equivalents	**41.1**	**113.3**	(72.2)	-64%

The net cash flows from operating activities were $40.1 million for the three months ended March 31, 2025, which is a result of net income of $20.8 million and $41.7 million of non-cash adjustments, which mainly includes amortization of intangible assets partly offset by $17.5 million of cash used in non-cash operating working capital and $4.8 million in taxes paid.

The net cash flows used in financing activities for the three months ended March 31, 2025 were $5.7 million, which is mainly as a result of the interest paid on bank indebtedness.

The net cash flows from investing activities for the three months ended March 31, 2025 were $3.8 million. This was primarily driven by the deposit received related to restricted cash.

We believe we have sufficient cash and available credit capacity to continue to operate for the foreseeable future. As such, management anticipates that it can continue to grow the Company organically without any additional funding. Additional funding may be utilized depending upon the size and timing of potential future acquisitions.

Related Parties

Transactions with related parties are assumed when a relationship exists between the Company and a natural person or entity that is affiliated with the Company. This includes, amongst others, the relationship between the Company and its subsidiaries, significant shareholders, directors, key management personnel, certain companies affiliated with key management personnel, and companies that are under common control of the Company's indirect controlling shareholder, Constellation Software Inc. Transactions are transfers of resources, services or obligations, regardless of whether anything has been charged.

The Company pays management fees to the Parent (included within "Other, net" expenses), reimburses the Parent for certain expenses paid on behalf of the Company, and borrows funds from the Parent from time to time to fund acquisitions. During the three months ended March 31, 2025, the Company expensed management fees of $0.7 million (March 31, 2024 – $0.5 million). At March 31, 2025, the Company had outstanding amounts due to related parties of $3.8 million (December 31, 2024 – $3.0 million) which reflects the amount owing to the Parent for management fees and the reimbursement of expenses paid on its behalf, net of the cash sent to the Parent during the quarter.

Capital Resources and Commitments

<u>Bank Indebtedness</u>

WideOrbit Loan

On March 2, 2023, WideOrbit Inc. ("WideOrbit"), a wholly owned subsidiary, entered into a revolving financing facility with a syndicate of Canadian and US financial institutions amounting to $185.0 million, to provide long-term financing in connection with the acquisition of WideOrbit (the "WO Loan"), of which $175.0 million was drawn and incurred transaction costs of $1.8 million. As of March 31, 2025, there were no additional borrowings made and a balance of $108.0 million remains outstanding (December 31, 2024 – $108.0 million).

Covenants associated with this facility are monitored and reported based on the financial position and financial performance of WideOrbit. The covenants include a leverage ratio and a fixed charge coverage ratio. The WO Loan has a maturity date of March 2, 2028. The Company does not guarantee this indebtedness, nor are there any cross-guarantees between other subsidiaries. The credit facility is collateralized by substantially all of the assets of WideOrbit.

Telarix Loans

On October 31, 2022, Telarix Inc., a wholly owned subsidiary, closed term loan funding with a Canadian chartered bank, amounting to $39.0 million, of which the entire amount was drawn, to provide long-term financing in connection with an acquired business and incurred transaction cost of $0.5 million. The financing also comes with a revolving credit facility of $2.5 million (collectively, the "Telarix Loans"). For the three months ended March 31, 2025, normal course repayments of $0.2 million were made on the term loan (March 31, 2024 – repayments of $0.2 million). As of March 31, 2025, a balance of $36.1 remains outstanding (December 31, 2024 – $36.3 million).

Covenants and guarantees associated with this loan are monitored and reported based on the financial position and financial performance of Telarix Inc. The covenants include a leverage ratio and an interest coverage ratio. The Telarix loans have a maturity date of October 31, 2026. The Company does not guarantee the Telarix loans, nor are there any cross-guarantees between other subsidiaries. The Telarix Loans are collateralized by substantially all of the assets of Telarix Inc. and its subsidiaries.

WizTivi Loan

On November 24, 2024, Lumine Group France SAS (“Lumine France”), a wholly owned subsidiary, closed a term loan facility with a European bank amounting to €10.0 million ($10.9 million) to provide long-term financing in connection with its wholly owned subsidiary, WizTivi SAS (the “WizTivi Loan”), of which the full amount was drawn and incurred transaction costs of $0.2 million in 2024. For the three months ended March 31, 2025, there were no repayments made on the WizTivi Loan (March 31, 2024 – nil). As of March 31, 2025, a balance of $8.8 million remains outstanding (December 31, 2024 – $8.3 million).

Covenants associated with this facility are monitored and reported based on the financial position and financial performance of WizTivi. The covenants include a leverage ratio. The WizTivi Loan has a maturity date of November 24, 2028. The Company does not guarantee this indebtedness, nor are there any cross-guarantees between other subsidiaries. The credit facility is collateralized by substantially all of the assets of Lumine France and WizTivi.

Lumine Facility

On March 20, 2024, the Company entered into a revolving credit financing facility (“Lumine Facility”) with a syndicate of Canadian and US financial institutions, amounting to $310.0 million to support future acquisitions and incurred transaction costs of $2.3 million. For the three months ended March 31, 2025, no additional borrowings were drawn on the facility, and no repayment was made (March 31, 2024 – nil). As of March 31, 2025, a balance of $129.0 million (December 31, 2024 - $129.0 million) remains outstanding.

Covenants associated with this facility are monitored and reported based on the financial position and financial performance of the Company’s business units. The covenants include a leverage ratio and an interest coverage ratio. The Lumine Facility has a maturity date of March 21, 2027. The credit facility is collateralized by substantially all of the assets of certain direct and indirect subsidiaries of the Company subject to the ringfence arrangement.

As of March 31, 2025, the Company and its subsidiaries are in compliance with their respective indebtedness covenants.

($ in thousands)	Maturity	Principal Amount	Interest Rate	March 31, 2025	December 31, 2024
Telarix Loan - Term loan	2026	39,000	SOFR+1.85%	36,076	36,319
Telarix Loan - Revolving facility	2026	2,500	Prime+0.50%	-	-
WO Loan	2028	185,000	SOFR+2.5%	108,000	108,000
WizTivi Loan	2028	€10,000	EURIBOR+2.5%	8,763	8,309
Lumine Facility	2027	310,000	SOFR+1.25%	129,000	129,000
				281,839	281,628
Deferred transaction costs				(2,722)	(2,995)
Less current portion, net of related transaction costs				$ (3,512)	$ (3,190)
Total long-term debt				$ 275,605	$ 275,443

The annual minimum repayment requirements are as follows:

($ in thousands)	
2025	4,114
2026	36,289
2027	131,164
2028	110,272
	$ 281,839

Other Commitments

Commitments include operating leases for office equipment and facilities, letters of credit and performance bonds issued on our behalf by financial institutions in connection with facility leases and contracts with public sector customers. Also, occasionally we structure some of our acquisitions with contingent consideration based on the future performance of the acquired business. The fair value of contingent consideration recorded in our statement of financial position was $0.5 million at March 31, 2025 (March 31, 2024 - $2.5 million).

Off-Balance Sheet Arrangements

As a general practice, we have not entered into off-balance sheet financing arrangements. Except for short term leases, leases of low value assets, and letters of credit, all of our liabilities and commitments are reflected as part of our statement of financial position.

Proposed Transactions

We seek potential acquisition targets on an ongoing basis and may complete several acquisitions in any given fiscal year.

Subsequent Events

Acquisition from Arvato Systems

On April 1, 2025, the Company acquired the Vidispine brand and business assets ("Vidispine") from Arvato Systems, a subsidiary of Bertelsmann SE & Co. KGaA. for aggregate cash consideration of up to $8.9 million of which $6.5 million was paid in cash on closing. The acquired businesses operate in the communications and media market, similar to the Company's existing businesses.

As of the date of issuance of MD&A, the Company had not yet completed the initial accounting for the acquisition, including the fair value assessment of the assets acquired and liabilities assumed, due to the proximity of the date of acquisition to the date of issuance of MD&A.

Share Capital

As at May 1, 2025, there were 256,620,388 Subordinate Voting Shares and 1 Super Voting Share outstanding. The Super Voting Share is convertible into a Subordinate Voting Share on a one-for-one basis.

For more information on the capital structure of Lumine, including additional details regarding the terms and conditions relevant to the Subordinate Voting Shares and the Super Voting Share (and the previously issued Preferred Shares and Special Shares) of Lumine, see Lumine's final long form prospectus dated February 6, 2023 which is available on SEDAR+ at www.sedarplus.ca.

Risk Factors

The Company's business is subject to a number of risk factors which are described in the annual MD&A for the year ended December 31, 2024.