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 and six months ended June 30, 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, August 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 debt, transaction costs on bank debt, repayments of lease obligations, interest, dividends and other proceeds received and property and equipment purchased net of proceeds from disposal. 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, gain on bargain purchase 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). See “Results of Operations – Operating Income” 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 dynamic 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 and Six Months Ended June 30, 2025 Compared to 2024

Results of Operations

The following table displays a summary of the results of operations of the Company for the three and six months ended June 30, 2025 and 2024.

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

	Three months ended June 30,		Period-Over-Period Change		Six months ended June 30,		Period-Over-Period Change	
	2025	2024	$	%	2025	2024	$	%
Revenue	184.0	162.8	21.1	13%	362.6	303.9	58.7	19%
Expenses	121.3	126.2	(4.9)	-4%	240.5	222.9	17.6	8%
Operating income[1]	**62.7**	**36.6**	**26.1**	**71%**	**122.2**	**81.1**	**41.1**	**51%**
Amortization of intangible assets	26.3	29.2	(2.9)	-10%	52.3	52.0	0.3	1%
Redeemable preferred and special securities expense	-	-	-	NM	-	317.4	(317.4)	-100%
Gain on bargain purchase	(2.5)	-	(2.5)	NM	(2.5)	-	(2.5)	NM
Finance and other expense (income)	7.4	5.7	1.7	30%	12.5	10.0	2.6	26%
Income (loss) before income taxes	**31.4**	**1.7**	**29.7**	**NM**	**59.8**	**(298.3)**	**358.1**	**NM**
Income tax expense (recovery)								
Current income tax expense (recovery)	12.7	9.2	3.5	38%	27.3	17.6	9.7	55%
Deferred income tax expense (recovery)	(4.8)	(5.3)	0.5	-9%	(11.8)	(9.3)	(2.5)	27%
Income tax expense (recovery)	7.9	3.9	4.0	101%	15.5	8.3	7.2	87%
Net income (loss)	**23.6**	**(2.2)**	**25.8**	**NM**	**44.3**	**(306.6)**	**350.9**	**NM**
Net cash flows from operating activities	**78.4**	**9.7**	**68.7**	**705%**	**118.5**	**44.7**	**73.8**	**165%**
Free cash flow available to shareholders	**72.4**	**2.8**	**69.6**	**NM**	**107.4**	**31.5**	**75.8**	**240%**
Weighted average shares outstanding								
Basic	256.6	256.6	(0.00)	0%	256.6	171.4	85.25	50%
Diluted	256.6	256.6	(0.00)	0%	256.6	255.0	1.64	1%
Net income (loss) per share								
Basic	0.09	(0.01)	0.10	NM	0.17	(1.79)	1.96	NM
Net cash flow from operating activities per share								
Basic	0.31	0.04	0.27	705%	0.46	0.26	0.20	77%
Diluted	0.31	0.04	0.27	705%	0.46	0.18	0.29	164%
Free cash flow available to shareholders per share								
Basic	0.28	0.01	0.27	NM	0.42	0.18	0.23	127%
Diluted	0.28	0.01	0.27	NM	0.42	0.12	0.29	238%

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 and six months ended June 30, 2025 and 2024

Revenue

Total revenue for the three months ended June 30, 2025 is $184.0 million, an increase of 13%, or $21.1 million, compared to $162.8 million for the comparable period in 2024. For the six months ended June 30, 2025, total revenue was $362.6 million, an increase of 19%, or $58.7 million, compared to $303.9 million for the comparable period in 2024. The increase for the three and six months compared to the same period in the prior year is attributable to revenue growth from both existing operations and new acquisitions. The Company experienced organic growth of 9% and 2%, respectively for the three and six months ended June 30, 2025, or 6% and 1% 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 June 30,		Period-Over-Period Change		Q2-24 Pro Forma Adj. (Note 1)	Organic Growth	Six months ended June 30,		Period-Over-Period Change		Q2-24 Pro Forma Adj. (Note 2)	Organic Growth
	2025	2024	$	%	$	%	2025	2024	$	%	$	%
	($ in millions, except percentages)						($ in millions, except percentages)					
Licences	11.7	11.7	0.0	0%	1.0	-8%	24.0	23.4	0.6	3%	11.0	-30%
Professional services	36.2	28.9	7.3	25%	1.7	18%	67.4	53.8	13.6	25%	10.9	4%
Hardware and other	2.9	2.3	0.6	27%	0.1	21%	12.0	4.7	7.3	153%	1.9	81%
Maintenance and other recurring	133.1	119.9	13.2	11%	3.8	8%	259.1	221.9	37.2	17%	29.0	3%
	184.0	162.8	21.1	13%	6.6	9%	362.6	303.9	58.7	19%	52.9	2%

$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 June 30, 2024 from companies acquired after March 31, 2024 (Obtained from unaudited vendor financial information.)

Note 2: Estimated pre-acquisition revenues for the six months ended June 30, 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)	Sep. 30 2023	Dec. 31 2023	Mar. 31 2024	Jun. 30 2024	Sep. 30 2024	Dec. 31 2024	Mar. 31 2025	Jun. 30 2025	12 months ended Jun. 30 2024	12 months ended Jun. 30 2025
Licenses	-14%	-34%	-16%	-43%	-40%	-38%	-43%	-8%	-29%	-35%
Professional services	16%	4%	13%	-22%	-12%	-35%	-9%	18%	-1%	-11%
Hardware and other	70%	36%	-59%	-69%	-39%	-29%	115%	21%	-28%	-6%
Maintenance and other recurring	5%	2%	0%	0%	1%	6%	-1%	8%	2%	3%
Revenue	**6%**	**-2%**	**-2%**	**-12%**	**-8%**	**-9%**	**-5%**	**9%**	**-3%**	**-4%**

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

	Sep. 30 2023	Dec. 31 2023	Mar. 31 2024	Jun. 30 2024	Sep. 30 2024	Dec. 31 2024	Mar. 31 2025	Jun. 30 2025	12 months ended Jun. 30 2024	12 months ended June. 30 2025
Licenses	-16%	-35%	-17%	-43%	-40%	-38%	-43%	-10%	-30%	-36%
Professional services	12%	2%	11%	-22%	-13%	-35%	-8%	15%	-2%	-12%
Hardware and other	64%	32%	-60%	-69%	-39%	-31%	115%	17%	-29%	-7%
Maintenance and other recurring	3%	1%	0%	0%	0%	6%	-1%	6%	1%	3%
Revenue	**4%**	**-3%**	**-3%**	**-12%**	**-9%**	**-9%**	**-4%**	**6%**	**-4%**	**-4%**

Expenses

The following table displays the breakdown of our expenses:

	Three months ended June 30,		Period-Over-Period Change		Six months ended June 30,		Period-Over-Period Change	
Expenses	2025	2024	$	%	2025	2024	$	%
	($ in millions, except percentages)				($ in millions, except percentages)			
Staff	87.5	87.7	(0.3)	0%	171.4	160.7	10.7	7%
Hardware	1.7	1.4	0.3	23%	6.4	2.9	3.5	118%
Third party license, maintenance and professional services	10.6	11.9	(1.3)	-11%	21.8	20.4	1.4	7%
Occupancy	1.0	1.0	(0.0)	0%	2.0	1.9	0.1	5%
Travel, telecommunications, supplies & software and equipment	8.9	12.8	(3.8)	-30%	17.9	19.5	(1.6)	-8%
Professional fees	3.7	5.7	(2.0)	-35%	7.5	8.5	(1.0)	-11%
Other, net	5.5	3.5	2.0	58%	8.8	4.5	4.2	93%
Depreciation	2.4	2.3	0.0	2%	4.7	4.5	0.2	5%
	121.3	126.2	(4.9)	-4%	240.5	222.9	17.6	8%

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

Overall expenses for the three months ended June 30, 2025 decreased 4%, or $4.9 million to $121.3 million, compared to $126.2 million during the same period in 2024. During the six months ended June 30, 2025, expenses increased 8%, or $17.6 million to $240.5 million, compared to $222.9 million during the same period in 2024. As a percentage of total revenue, expenses equalled 66% and 66% for the three and six months ended June 30, 2025, respectively, 78% and 73% for the same period in 2024, respectively.

Staff expense – Staff expenses decreased $0.3 million for the three months ended June 30, 2025 over the same period in 2024. For the six months ended June 30, 2025, staff expenses increased $10.7 million 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 June 30,		Period-Over-Period Change		Six months ended June 30,		Period-Over-Period Change	
	2025	2024	$	%	2025	2024	$	%
	($ in millions, except percentages)				($ in millions, except percentages)			
Professional services	14.5	16.5	(1.9)	-12%	29.4	28.7	0.7	2%
Maintenance	19.1	15.7	3.4	22%	37.8	30.2	7.6	25%
Research and development	25.9	22.1	3.7	17%	49.7	42.3	7.5	18%
Sales and marketing	11.6	12.0	(0.5)	-4%	22.8	23.2	(0.3)	-1%
General and administrative	16.4	21.3	(4.9)	-23%	31.6	36.4	(4.7)	-13%
	87.5	87.7	(0.2)	0%	171.4	160.7	10.7	7%

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

The decrease in staff expenses for the three months ended June 30, 2025 was primarily due to restructuring costs recognized in the prior periods. The increase in staff expenses for the six months ended June 30, 2025 was primarily due to the growth in the number of employees compared to the same periods in 2024 from new acquisitions made in the current and preceding quarters.

Hardware expenses – Hardware expenses increased 23% or $0.3 million for the three months ended June 30, 2025 over the same period in 2024 as compared with the increase of 27% or $0.6 million in hardware and other revenue for the three months ended June 30, 2025 over the comparable period in 2024. For the six months ended June 30, 2025, hardware expenses increased 118% or $3.5 million over the same period in 2024 as compared with the increase of 153% or $7.3 million in hardware and other revenue for the six months ended June 30, 2025 over the comparable period in 2024. Hardware margin for the three and six months ended June 30, 2025 were 41% and 47%, respectively, as compared to 39% and 38%, for the respective comparable periods in 2024. Hardware sales typically consist of the resale of third-party hardware as part of the sale of customized solutions to our customers and 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 decreased 11% or $1.3 million for the three months ended June 30, 2025 over the same period in 2024. For the six months ended June 30, 2025, third party license, maintenance and professional services expenses increased 7% or $1.4 million over the same period in 2024. The decrease for the three months is primarily due to continued efforts to streamline operations and improve cost efficiency. The increase for the six months is primarily due to third party license, maintenance and professional services expenses associated with recent acquisitions in the current and prior periods.

Travel, telecommunications, supplies & software and equipment expenses – Travel, telecommunications, supplies & software and equipment expenses decreased 30% or $3.8 million for the three months ended June 30, 2025 over the same period in 2024. For the six months ended June 30, 2025, travel, telecommunications, supplies & software and equipment expenses decreased 8% or $1.6 million over the same period in 2024. The decrease in these expenses is primarily due to lower supplies, software, and equipment-related costs following the completion of post-acquisition integration activities and the phase-out of transitional support arrangements.

Professional fees – Professional fees decreased by 35% or $2.0 million for the three months ended June 30, 2025 over the same period in 2024. For the six months ended June 30, 2025, professional fees decreased 11% or $1.0 million over the same period in 2024. The decrease for the three and six months ended June 30, 2025 is due to lower professional fees following the completion of post-acquisition integration activities and the phase out of transitional support arrangements.

Other, net – Other expenses increased by 58% or $2.0 million for the three months ended June 30, 2025 over the same period in 2024. For the six months ended June 30, 2025, other expenses increased by 93% or $4.2 million over the same period in 2024. The following table provides a further breakdown of expenses within this category.

	Three months ended June 30,		Period-Over-Period Change		Six months ended June 30,		Period-Over-Period Change	
	2025	2024	$	%	2025	2024	$	%
	($ in millions, except percentages)				($ in millions, except percentages)			
Advertising and promotion	1.6	1.3	0.3	23%	3.5	2.1	1.3	63%
Recruiting and training	2.2	0.5	1.7	307%	2.7	1.0	1.7	160%
R&D tax credits	(1.2)	(1.0)	(0.2)	17%	(2.1)	(4.1)	1.9	-47%
Contingent consideration	0.6	0.9	(0.3)	-36%	0.5	1.0	(0.5)	-51%
Other expense, net	2.3	1.7	0.6	33%	4.3	4.5	(0.2)	-4%
	5.5	3.5	2.0	58%	8.8	4.5	4.2	93%

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

Advertising and promotion expense increased 23% or $0.3 million for the three months ended June 30, 2025 over the same period in 2024 and increased by 63% or $1.3 million for the six months ended June 30, 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.

Recruiting and training expense increased by 307% or $1.7 million for the three months ended June 30, 2025 over the same period in 2024 and increased by 160% or $1.7 million for the six months ended June 30, 2025 over the same period in 2024. The increase is mainly due to costs associated with internal training and leadership conferences within the Company in the periods.

R&D tax credits increased by 17% or $0.2 million for the three months ended June 30, 2025 over the same period in 2024 and decreased by 47% or $1.9 million for the six months ended June 30, 2025 over the same period in 2024. The increase for the three months ended June 30, 2025 is mainly due to additional SR&ED tax credits recognized in 2025 from foreign jurisdictions. The decrease for the six months ended June 30, 2025 is mainly due to a true-up in US SRED tax credits recognized in the comparative 2024 period.

Contingent consideration expense decreased 36% or $0.3 million for the three months ended June 30, 2025 over the same period in 2024, and decreased 51% or $0.5 million for the six months ended June 30, 2025 over the same period in 2024. The decrease is related to a decrease in anticipated acquisition earnout payment accruals from the prior year primarily as a result of adjustments to revenue forecasts for the associated acquisitions. Revenue forecasts are updated on a quarterly basis and the related anticipated acquisition earnout payment accruals are updated accordingly.

Other expense, net increased 33% or $0.6 million for the three months ended June 30, 2025 over the same period in 2024, and decreased 4% or $0.2 million for the six months ended June 30, 2025. This includes bad debt expense, subscription and membership fees, management fees paid to Volaris Group Inc., a wholly-owned subsidiary of Constellation Software Inc. (collectively referred to as 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 increase in other expense for the three months ended June 30, 2025 is due to higher subscription and membership fees and bad debt expenses. The decrease in the six months ended June 30, 2025 is due to lower bad debt expense and lower withholding taxes partly offset by higher subscription fees.

Depreciation – Depreciation of property and equipment increased 2% for the three months ended June 30, 2025 as compared to the same period in 2024, and increased 5% for the six months ended June 30, 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 and six months ended June 30, 2025.

Operating Income

Operating income for the three months ended June 30, 2025 was $62.7 million compared to $36.6 million for the same period in 2024. For the six months ended June 30, 2025, operating income was $122.2 million compared to $81.1 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 June 30,		Period-Over-Period Change		Six months ended June 30,		Period-Over-Period Change	
	2025	2024	$	%	2025	2024	$	%
	($ in millions, except percentages)				($ in millions, except percentages)			
Net income (loss)	23.6	(2.2)	25.8	NM	44.3	(306.6)	350.9	NM
Adjusted for:								
Amortization of intangible assets	26.3	29.2	(2.9)	-10%	52.3	52.0	0.3	1%
Redeemable preferred and special securities expense	-	-	-	-	-	317.4	(317.4)	-100%
Gain on bargain purchase	(2.5)	-	(2.5)	NM	(2.5)	-	(2.5)	NM
Finance and other expense (income)	7.4	5.7	1.7	30%	12.5	10.0	2.6	26%
Income tax expense (recovery)	7.9	3.9	4.0	101%	15.5	8.3	7.2	87%
Operating income[1]	62.7	36.6	26.1	71%	122.2	81.1	41.1	51%

[1] See "Non-IFRS Measures".

Other Income and Expenses

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

	Three months ended June 30,		Period-Over-Period Change		Six months ended June 30,		Period-Over-Period Change	
	2025	2024	$	%	2025	2024	$	%
	($ in millions, except percentages)				($ in millions, except percentages)			
Amortization of intangible assets	26.3	29.2	(2.9)	-10%	52.3	52.0	0.3	1%
Foreign exchange (gain) loss	4.4	0.6	3.8	638%	5.6	2.0	3.6	180%
Redeemable Preferred and Special Securities expense	-	-	-	NM	-	317.4	(317.4)	-100%
Gain on bargain purchase	(2.5)	-	(2.5)	NM	(2.5)	-	(2.5)	NM
Finance and other expense (income)	3.0	5.1	(2.1)	-42%	6.9	8.0	(1.1)	-13%
Income tax expense (recovery)	7.9	3.9	4.0	101%	15.5	8.3	7.2	87%
	39.1	38.8	0.3	1%	77.8	387.6	(309.8)	-80%

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 decreased 10% or $2.9 million for the three months ended June 30, 2025 over the same period in 2024. For the six months ended June 30, 2025, amortization of intangible assets increased 1% or $0.3 million over the same period in 2024. The decrease in the three months ended June 30, 2025 is primarily due to certain intangible assets reaching the end of their useful lives. The increase in amortization for the six months ended June 30, 2025 is primarily attributable to an increase in the carrying amount of our intangible asset balance as a result of acquisitions partly offset by certain assets reaching the end of their useful lives.

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 and six months ended June 30, 2025, we recorded a foreign exchange loss of $4.4 million and $5.6 million, respectively, compared to a loss of $0.6 million and $2.0 million for the same respective 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 six months ended June 30, 2025 over the same period in 2024. This is due to the 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.

Gain on bargain purchase – Gain on bargain purchase increased by $2.5 million for the three and six months ended June 30, 2025 over the same period in 2024. The gain is from the acquisition of the Vidispine brand and business assets from Arvato Systems, a subsidiary of Bertelsmann SE & Co. KGaA in the current quarter.

Finance and other expense (income) – Finance and other expense decreased 42% or $2.1 million for the three months ended June 30, 2025 over the same period in 2024. For the six months ended June 30, 2025, finance and other expense decreased 13% or $1.1 million over the same period in 2024. The decrease is largely driven by lower interest expense from repayments of credit facilities (see Bank Debts under "Capital Resources and Commitments").

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 June 30, 2025, income tax expense increased $4.0 million to $7.9 million compared to $3.9 million for the same period in 2024. For the six months ended June 30, 2025, income tax expense increased $7.2 million to $15.5 million compared to $8.3 million for the same period in 2024. Current tax expense has historically approximated our cash tax rate. The Company's combined effective tax rate in respect of continuing operations for the three and six months ended June 30, 2025 was +25.11% and +25.87%, respectively (+231.61% and -2.78% for the three and six months ended June 30, 2024, respectively). The change in effective tax rate was mainly impacted by the redeemable preferred and special securities expense in 2024, which are not deductible for tax purposes and not applicable in the current period.

<u>Net Income (Loss) per Share</u>

Net income for the three months ended June 30, 2025 was $23.6 million compared to net loss of $(2.2) million for the same period in 2024. Net income for the six months ended June 30, 2025 was $44.3 million compared to net loss of $(306.6) million for the same period in 2024. On a per share basis, this translated into net income per basic and diluted share of $0.09 in the three months ended June 30, 2025 and $0.17 in the six months ended June 30, 2025 compared to net loss per basic and diluted share of $(0.01) and $(1.79) for the same period in 2024.

Net cash flows from operating activities ("CFO")

For the three months ended June 30, 2025, CFO increased $68.7 million to $78.4 million compared to $9.7 million for the same period in 2024 representing an increase of 705%. The increase is driven by change in non-cash operating working capital of $55.6 million and higher operating income of $29.4 million partly offset by higher taxes paid of $13.5 million.

For the six months ended June 30, 2025, CFO increased $73.8 million to $118.5 million compared to $44.7 million for the same period in 2024 representing an increase of 165%. The increase is driven by change in non-cash operating working capital of $46.2 million and higher operating income of $45.0 million partly offset by higher taxes paid of $14.7 million.

Free cash flows available to shareholders ("FCFA2S")

For the three months ended June 30, 2025, FCFA2S increased $69.6 million to $72.4 million compared to $2.8 million for the same period in 2024. For the six months ended June 30, 2025, FCFA2S increased $75.8 million to $107.4 million compared to $31.5 million for the same period in 2024. The increase in the three and six months ended June 30, 2025 is driven by higher CFO compared to the same periods in 2024. 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 June 30,		Period-Over-Period Change		Six months ended June 30,		Period-Over-Period Change	
	2025	2024	$	%	2025	2024	$	%
	($ in millions, except percentages)				($ in millions, except percentages)			
Net cash flows from operating activities:	78.4	9.7	68.7	705%	118.5	44.7	73.8	165%
Adjusted for:								
Interest paid on lease obligations	(0.1)	(0.1)	0.0	-25%	(0.2)	(0.3)	0.1	-29%
Interest paid on other facilities	(3.9)	(5.1)	1.2	-24%	(7.7)	(7.6)	(0.1)	1%
Credit facility transaction costs	(0.0)	(0.2)	0.2	-86%	(0.0)	(1.8)	1.8	-98%
Payment of lease obligations	(1.6)	(1.5)	(0.2)	12%	(3.2)	(3.0)	(0.2)	6%
Interest, dividends and other proceeds received	1.1	0.3	0.8	269%	1.8	0.4	1.4	391%
Property and equipment purchased - net of proceeds from disposal	(1.5)	(0.4)	(1.2)	320%	(1.8)	(0.7)	(1.1)	146%
Free cash flow available to shareholders	72.4	2.8	69.6	NM	107.4	31.5	75.8	240%

Quarterly Results

	Quarter ended							
	Sep. 30 2023	Dec. 31 2023	Mar. 31 2024	Jun. 30 2024	Sep. 30 2024	Dec. 31 2024	Mar. 31 2025	Jun. 30 2025
Revenue	131.3	143.1	141.1	162.8	177.3	187.1	178.7	184.0
Operating income[1]	45.1	41.6	44.5	36.6	60.7	68.7	59.5	62.7
Net income (loss)	(178.6)	(1,506.3)	(304.3)	(2.2)	18.3	29.4	20.8	23.6
CFO	44.5	26.4	35.0	9.7	18.8	52.3	40.1	78.4
FCFA2S[1]	39.6	20.3	28.8	2.8	10.4	43.7	35.0	72.4
Weighted average shares (in millions)								
Basic	74.0	74.0	86.1	256.6	256.6	256.6	256.6	256.6
Diluted	253.1	253.1	253.3	256.6	256.6	256.6	256.6	256.6
Net income (loss) per share								
Basic and diluted	(2.41)	(20.34)	(3.53)	(0.01)	0.07	0.11	0.08	0.09

CFO per share								
Basic	0.60	0.36	0.41	0.04	0.07	0.20	0.16	0.31
Diluted	0.18	0.10	0.14	0.04	0.07	0.20	0.16	0.31
FCFA2S per share[1]								
Basic	0.54	0.27	0.33	0.01	0.04	0.17	0.14	0.28
Diluted	0.16	0.08	0.11	0.01	0.04	0.17	0.14	0.28

[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 June 30, 2025	As at December 31, 2024	$	%
Cash	289.7	211.0	78.7	37%
Other current assets (except cash)	241.8	241.9	(0.1)	0%
Non-current assets	803.2	834.3	(31.1)	-4%
Total assets	**1,334.7**	**1,287.2**	**47.5**	**4%**
Current liabilities	239.4	217.2	22.2	10%
Non-current liabilities	352.1	391.3	(39.2)	-10%
Total Equity	743.3	678.7	64.6	10%
Total Liabilities	**1,334.7**	**1,287.2**	**47.5**	**4%**

Cash increased by $78.7 million to $289.7 million at June 30, 2025 from December 31, 2024. The increase in cash was predominantly driven by cash generated from operations, offset by acquisitions, and net repayments of bank debt. Bank indebtedness decreased by $34.5 million to $244.1 million at June 30, 2025 compared to $278.6 million at December 31, 2024, due to the repayment of a bank debt under Telarix Inc., a wholly owned subsidiary of the Company (the "Telarix loan") (see "Capital Resources and Commitments" below). Due to related parties, net (see "Related Parties" below) increased by $1.5 million to $4.4 million compared to $3.0 million at December 31, 2024.

Total assets increased $47.5 million, from $1,287.2 million at December 31, 2024 to $1,334.7 million at June 30, 2025. The increase is primarily due to a $78.7 million increase in cash, $15.9 million increase in unbilled revenue partly offset by $32.4 million decrease in intangible assets and $14.3 million decrease in accounts receivable. 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 $22.2 million, from $217.2 million at December 31, 2024 to $239.4 million at June 30, 2025. The increase is primarily due to the increase in deferred revenue by $27.4 million.

Non-current liabilities decreased $39.2 million, from $391.3 million at December 31, 2024 to $352.1 million at June 30, 2025. The decrease is primarily due to a decrease of $32.6 million in bank debt due to repayment of the Telarix loan.

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

	Three months ended June 30,		Period-Over-Period Change		Six months ended June 30,		Period-Over-Period Change	
	2025	2024	$	%	2025	2024	$	%
	($ in millions, except percentages)				($ in millions, except percentages)			
Net cash provided by operating activities	78.4	9.7	68.7	705%	118.5	44.7	73.8	165%
Net cash from (used in) financing activities	(41.8)	43.5	(85.3)	NM	(47.5)	125.3	(172.7)	NM
Cash used in the acquisition of businesses	(4.3)	(144.3)	140.0	-97%	(5.2)	(145.0)	139.8	-96%
Net cash from (used in) other investing activities	(0.4)	(0.3)	0.1	7%	4.4	(0.6)	5.0	NM
Net cash from (used in) investing activities	(4.7)	(144.7)	140.0	-97%	(0.8)	(145.6)	144.8	-99%
Effect of foreign currency	5.6	(0.6)	6.2	NM	8.5	(3.0)	11.5	NM
Net increase (decrease) in cash and cash equivalents	**37.6**	**(92.0)**	**129.6**	NM	**78.7**	**21.3**	57.4	270%

The net cash flows from operating activities were $118.5 million for the six months ended June 30, 2025, which is mainly as a result of $96.2 million of non-cash adjustments which includes $52.3 million in amortization of intangible assets and $44.3 million in net income generated during the period. This is partially offset by $22.0 million in taxes paid.

The net cash flows used in financing activities for the six months ended June 30, 2025 was $47.5 million, which is mainly as a result of repayment of bank debt of $36.3 million and interest paid on bank debt of $7.7 million.

The net cash flows used in investing activities for the six months ended June 30, 2025 was $0.8 million. The cash used in investing activities was primarily due to the acquisitions completed in the three months ended June 30, 2025 partially offset by a 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 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 and six months ended June 30, 2025, the Company expensed management fees of $0.8 million and $1.5 million, respectively (June 30, 2024 – $0.7 million and 1.2 million, respectively). At June 30, 2025, the Company had outstanding amounts due to related parties of $4.4 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 Debt</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 June 30, 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 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 came with a revolving credit facility of $2.5 million (collectively, the "Telarix Loans"). The term loan, originally scheduled to mature in October 2026, was repaid in full on May 2, 2025 for $35.6 million, including accrued interest of $0.01 million. As of June 30, 2025, the Telarix Loans have been terminated with no outstanding balance.

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 and six months ended June 30, 2025, there were no repayments made on the WizTivi Loan (June 30, 2024 – $nil). As of June 30, 2025, a balance of $9.4 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. On June 24, 2025, the Lumine Facility was amended to increase the total facility size to $360.0 million. For the six months ended June 30, 2025, no additional borrowings were drawn on the facility (June 30, 2024 – borrowings of $31.0 million), and no repayment was made (June 30, 2024 – $nil). As of June 30, 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.

($ in thousands)	Maturity	Principal Amount	Interest Rate	June 30, 2025	December 31, 2024
Telarix Loan – Term loan	Terminated	39,000	SOFR+1.85%	-	36,319
Telarix Loan – Revolving facility	Terminated	2,500	Prime+0.50%	-	-
WO Loan	2028	185,000	SOFR+1.75%	108,000	108,000
Wiztivi Loan	2028	€10,000	EURIBOR+2.5%	9,393	8,309
Lumine Facility	2027	360,000	SOFR+1.25%	129,000	129,000
				246,393	281,628
Deferred transaction costs				(2,298)	(2,995)
Less current portion, net of related transaction costs				$ (1,247)	$ (3,190)
Total long-term debt				$ 242,848	$ 275,443

As of June 30, 2025, the Company and its subsidiaries are in compliance with their respective debt covenants.

The annual minimum repayment requirements are as follows:

($ in thousands)	
2025	2,348
2026	2,349
2027	131,348
2028	110,348
	$ 246,393

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 $1.1 million at June 30, 2025 (June 30, 2024 - $3.5 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 of Datafusion Systems

On July 3, 2025, the Company acquired the Datafusion Systems brand and business assets (“Datafusion”) for aggregate cash consideration of up to $20.9 million of which $13.7 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 the financial statements, 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 these financial statements.

U.S. OBBBA Tax Bill

On July 4, 2025, the "One Big Beautiful Bill Act" was signed into law. The legislation includes a provision that repeals the requirement under Section 174 of the Internal Revenue Code to capitalize and amortize domestic research and experimental expenditures. As this law was enacted subsequent to June 30, 2025, its effects are not reflected in these condensed consolidated financial statements. The Company is currently evaluating the impact of this legislative change but expects it will result in a significant reduction to current income tax expense for the third quarter of 2025. An offsetting amount will be booked to deferred income tax expense so there is no impact on net tax expense or the effective tax rate. The full impact of the new law will be recorded in the quarter ending September 30, 2025.

Partial Repayment of Lumine Facility

On July 24, 2025, the Company made a partial repayment of $60.0 million towards Lumine Facility. The repayment was funded through available cash on hand.

Share Capital

As at August 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.