

## Constellation Software Inc. and Topicus.Com Inc. Announce Results for Topicus.com Inc. for the Second Quarter Ended June 30, 2021

TORONTO, Aug. 04, 2021 (GLOBE NEWSWIRE) -- Topicus.com Inc. (TSXV:TOI) in a joint release with Constellation Software Inc. (TSX:CSU) today announced financial results for Topicus.com Inc. ("Topicus" or the "Company") for the second quarter ended June 30, 2021. Please note that all amounts referred to in this press release are in Euros unless otherwise stated.

The following press release should be read in conjunction with the Company's Unaudited Condensed Consolidated Interim Financial Statements for the three and six months ended June 30, 2021 and the accompanying notes, our Management Discussion and Analysis for the three and six months ended June 30, 2021 and the Annual Consolidated Financial Statements of Constellation Software Netherlands Holding Cooperatief U.A. (the "Topicus Coop" or "CSNH") for the year ended December 31, 2020, which we prepared in accordance with International Financial Reporting Standards ("IFRS") and the Company's annual Management's Discussion and Analysis for the year ended December 31, 2020, which can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on Topicus.com Inc.'s website [www.topicus.com](http://www.topicus.com). Additional information about Topicus.com Inc. is also available on SEDAR at [www.sedar.com](http://www.sedar.com).

### Q2 2021 Headlines:

- Revenue increased 54% (8% organic growth) to €178.2 million compared to €115.6 million in Q2 2020.
- A €154.6 million non-cash gain related to the decrease in fair value of redeemable preferred securities was incurred in the quarter. The fair value of the preferred securities was primarily dependent on the price movement of Topicus' Subordinate Voting Shares.
- Net income increased to €168.8 million (€0.11 on a diluted per share basis) from €14.1 million (€0.12 on a diluted per share basis) in Q2 2020 primarily resulting from the €154.6 million redeemable preferred securities gain.
- A number of acquisitions were completed for aggregate cash consideration of €5.2 million (which includes acquired cash). Deferred payments associated with these acquisitions have an estimated value of €1.1 million resulting in total consideration of €6.4 million.
- Cash flows from operations ("CFO") decreased €26.3 million to negative €34.6 million compared to negative €8.3 million in Q2 2020.
- Free cash flow available to shareholders<sup>1</sup> ("FCFA2S") decreased €17.0 million to negative €25.4 million compared to negative €8.5 million in Q2 2020.
- The holders of the Topicus Coop Preference Units (the "Preferred Securities") elected to convert their Preferred Securities into Topicus Coop Ordinary Units, which conversion will become effective on February 1, 2022.
- Subsequent to June 30, 2021, the Company completed or entered into agreements to acquire a number of businesses for aggregate cash consideration of €49.6 million. Deferred payments associated with these acquisitions have an estimated value of €6.7 million resulting in total consideration of €56.3 million.

Total revenue for the quarter ended June 30, 2021 was €178.2 million, an increase of 54%, or €62.6 million, compared to €115.6 million for the comparable period in 2020. For the first six months of 2021 total revenues were €357.8 million, an increase of 52%, or €122.5 million, compared to €235.4 million for the comparable period in 2020. The increase for both the three and six month periods compared to the same periods in the prior year is primarily attributable to growth from acquisitions as the Company experienced organic growth of 8% and 7% respectively.

Net income for the quarter ended June 30, 2021 was €168.8 million compared to net income of €14.1 million for the same period in 2020 primarily resulting from the €154.6 million redeemable preferred securities income, €163.6 million of which is non-cash related. On a per share basis, this translated into net income per basic share of €2.97 and diluted share of €0.11 in the quarter ended June 30, 2021 compared to net income per basic share of €0.24 and diluted share of €0.12 for the same period in 2020. Diluted shares outstanding increased from 129.3 million to 129.8 million for the quarter ended June 30, 2021. For the six months ended June 30, 2021, net loss was €2,267.4 million or a loss €40.54 per basic and diluted share compared to income of €31.6 million or €0.53 per basic share and €0.27 per diluted share for the same period in 2020.

For the quarter ended June 30, 2021, CFO were negative €34.6 million compared to negative €8.3 million for the same period in 2020. Many of the businesses invoice customers for annual software maintenance fees in Q1 each year resulting in a disproportionate amount of cash being received in the first quarter as compared to the remaining three quarters. For the six months ended June 30, 2021, CFO increased €13.1 million to €125.2 million compared to €112.1 million for the same period in 2020 representing an increase of 12%.

For the quarter ended June 30, 2021, FCFA2S was negative €25.4 million compared to negative €8.5 million for the same period in 2020. For the six months ended June 30, 2021, FCFA2S decreased €1.5 million to €66.8 million compared to €68.2 million for the same period in 2020 representing a decrease of 2%.

### 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 Topicus 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 Topicus assumes no obligation, except as required by law, to update any forward looking statements to reflect new events or circumstances.

### Non-IFRS Measures

Free cash flow available to shareholders "FCFA2S" refers to net cash flows from operating activities less interest paid on lease obligations, interest paid on other facilities, credit facility transaction costs, repayments of lease obligations, and property and equipment purchased, and includes interest and dividends received. The portion of this amount applicable to non-controlling interests is then deducted. Topicus believes that FCFA2S is useful supplemental information as it provides an indication of the uncommitted cash flow that is available to shareholders if Topicus does not make any acquisitions, or investments, and does not repay any debts. While Topicus could use the FCFA2S to pay dividends or repurchase shares, Topicus' objective is to invest all of our FCFA2S in acquisitions which meet Topicus' hurdle rate.

FCFA2S is not a recognized measure under IFRS and, 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 June 30,		Six months ended June 30,	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	(€ in millions, except percentages)		(€ in millions, except percentages)	
<b>Net cash flows from operating activities</b>	(34.6)	(8.3)	125.2	112.1
<b>Adjusted for:</b>				
Interest paid on lease obligations	(0.4)	(0.2)	(0.6)	(0.4)
Interest paid on other facilities	(1.0)	(0.4)	(2.5)	(1.8)
Credit facility transaction costs	(0.2)	-	(2.4)	-
Payments of lease obligations	(4.2)	(3.1)	(8.5)	(6.3)
Property and equipment purchased	(1.2)	(0.6)	(1.9)	(1.3)
	(41.5)	(12.7)	109.2	102.3
Less amount attributable to Non-controlling interests	16.1	4.2	(42.4)	(34.0)
Free cash flow available to shareholders	(25.4)	(8.5)	66.8	68.2

Due to rounding, certain totals may not foot.

### About Topicus.com Inc.

Topicus' subordinate voting shares are listed on the Toronto Venture Stock Exchange under the symbol "TOI". Topicus acquires, manages and builds vertical market software businesses.

### About Constellation Software Inc.

Constellation's common shares are listed on the Toronto Stock Exchange under the symbol "CSU". Constellation acquires, manages and builds vertical market software businesses.

### For further information:

Jamal Baksh  
Chief Financial Officer  
(416) 861-9677  
[info@topicus.com](mailto:info@topicus.com)  
[www.topicus.com](http://www.topicus.com)

### SOURCE: TOPICUS.COM INC.

### Topicus.com Inc.

Condensed Consolidated Interim Statements of Financial  
Position

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

	June 30, 2021	December 31, 2020	June 30, 2020
<b>Assets</b>			
<b>Current assets:</b>			
Cash	65,218	55,635	55,385
Accounts receivable	58,595	46,644	41,326
Unbilled revenue	25,091	12,609	13,160
Inventories	583	375	370
Other assets	26,299	14,461	22,045
	175,786	129,724	132,287
<b>Non-current assets:</b>			
Property and equipment	15,532	8,782	7,910
Right of use assets	56,021	50,517	44,946
Deferred income taxes	4,831	1,946	800
Other assets	4,875	3,956	4,094
Intangible assets	688,088	446,213	399,062
	769,348	511,415	456,812
<b>Total assets</b>	<b>945,134</b>	<b>641,139</b>	<b>589,100</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Current liabilities:</b>			
Revolving credit facility and current portion of term loans	30,018	19,482	-
Redeemable preferred securities	66,614	-	-
Accounts payable and accrued liabilities	97,597	97,386	72,202
Deferred revenue	148,208	59,721	119,758
Provisions	1,867	1,222	1,608
Acquisition holdback payables	4,924	12,601	5,624
Lease obligations	15,863	13,953	12,567
Income taxes payable	10,333	12,576	5,143
	375,424	216,941	216,901
<b>Non-current liabilities:</b>			
Term loans	96,359	32,572	32,425
Deferred income taxes	128,150	79,958	69,038
Acquisition holdback payables	360	608	-
Lease obligations	40,859	37,154	31,638
Other liabilities	10,476	9,225	5,449
	276,204	159,518	138,549
<b>Total liabilities</b>	<b>651,628</b>	<b>376,459</b>	<b>355,450</b>
<b>Shareholders' Equity:</b>			
Preferred shares	2,047,473	-	-
Capital stock	39,412	39,412	39,412
Other equity	(999,460)	-	-
Accumulated other comprehensive income (loss)	(501)	(1,409)	(681)
Retained earnings (deficit)	(1,801,383)	138,572	117,142
Non-controlling interests	1,007,964	88,106	77,776
	293,505	264,680	233,650
<b>Total liabilities and shareholders' equity</b>	<b>945,134</b>	<b>641,139</b>	<b>589,100</b>

**Topicus.com Inc.**

## Condensed Consolidated Interim Statements of Income (Loss)

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

Three and six months ended June 30, 2021 and 2020

Unaudited

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Revenue				
License	6,209	2,536	11,139	5,733
Professional services	47,616	27,695	96,205	55,965
Hardware and other	1,498	1,146	2,843	2,408
Maintenance and other recurring	122,915	84,229	247,648	171,269
	178,238	115,607	357,834	235,375
Expenses				
Staff	96,727	62,191	195,544	123,155
Hardware	658	480	1,292	1,229
Third party license, maintenance and professional services	20,068	10,790	35,789	21,384
Occupancy	1,442	905	2,815	1,768
Travel, telecommunications, supplies, software and equipment	4,741	3,138	8,953	6,936
Professional fees	2,447	1,827	4,967	3,764
Other, net	2,222	1,031	3,644	2,494
Depreciation	5,800	4,175	12,031	8,385
Amortization of intangible assets	20,617	12,323	41,028	24,095
	154,722	96,860	306,063	193,209
Redeemable preferred securities expense (income)	(154,611)	-	2,302,185	-
Impairment of intangible and other non-financial assets	1,600	-	1,600	-
Finance and other expenses (income)	2,890	1,337	5,908	3,291
	(150,121)	1,337	2,309,693	3,291
Income (loss) before income taxes	173,637	17,410	(2,257,922)	38,876
Current income tax expense (recovery)	8,549	6,600	18,913	13,266
Deferred income tax expense (recovery)	(3,693)	(3,261)	(9,481)	(5,951)
Income tax expense (recovery)	4,856	3,340	9,431	7,315
Net income (loss)	168,781	14,071	(2,267,353)	31,561
Net income (loss) attributable to:				
Equity holders of Topicus	161,601	9,387	(1,903,522)	21,055
Non-controlling interests	7,180	4,684	(363,831)	10,506
Net income (loss)	168,781	14,071	(2,267,353)	31,561
Weighted average shares				
Basic shares outstanding	54,421,997	39,412,386	46,958,654	39,412,386
Diluted shares outstanding	129,841,819	118,156,055	129,519,008	118,156,055
Earnings (loss) per common share of Topicus				
Basic	2.97	0.24	(40.54)	0.53
Diluted	0.11	0.12	(40.54)	0.27

**Topicus.com Inc.**

## Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

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

Three and six months ended June 30, 2021 and 2020

Unaudited

	Three months ended June		Six months ended June 30,	
	2021	30, 2020	2021	2020
Net income (loss)	168,781	14,071	(2,267,353)	31,561
Items that are or may be reclassified subsequently to net income (loss):				
Foreign currency translation differences from foreign operations and other	647	133	1,254	(306)
Other comprehensive (loss) income for the period, net of income tax	647	133	1,254	(306)
Total comprehensive income (loss) for the period	169,428	14,204	(2,266,100)	31,255
Total other comprehensive income (loss) attributable to:				
Equity holders of Topicus	397	89	810	(204)
Non-controlling interests	250	44	444	(102)
Total other comprehensive income (loss)	647	133	1,254	(306)
Total comprehensive income (loss) attributable to:				
Equity holders of Topicus	161,999	9,475	(1,902,712)	20,851
Non-controlling interests	7,430	4,728	(363,388)	10,404
Total comprehensive income (loss)	169,428	14,204	(2,266,100)	31,255

### Topicus.com Inc.

Condensed Consolidated Interim Statement of Changes in Shareholders' Equity

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

Unaudited

Six months ended June 30, 2021

	Attributable to equity holders of Topicus					Total	Non-controlling interests	Total equity
	Preferred Shares	Capital Stock	Other equity	Accumulated other comprehensive income (loss)	Retained earnings (Deficit)			
<b>Balance at January 1, 2021</b>	-	39,412	-	(1,409)	138,572	176,575	88,106	264,680
<i>Total comprehensive income (loss) for the period:</i>						-		
Net income (loss)	-	-	-	-	(1,903,522)	(1,903,522)	(363,831)	(2,267,353)
<i>Other comprehensive income (loss)</i>								
Foreign currency translation differences from foreign operations and other	-	-	-	810	-	810	444	1,254
<b>Total other comprehensive income (loss) for the period</b>	-	-	-	810	-	810	444	1,254

<b>Total comprehensive income (loss) for the period</b>	-	-	-	810	(1,903,522)	(1,902,712)	(363,388)	(2,266,100)
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Transactions with owners,  
recorded directly in equity

Issuance of Topicus Coop Ordinary Units to non-controlling interests	-	-	9,770	127	-	9,896	(9,896)	-
Net acquisition of non-controlling interest associated with acquisitions and other movements	-	-	-	(29)	(8)	(37)	2,602	2,566
Issuance of Redeemable preferred securities	-	(1,001,469)	-	-	(1,001,469)	(124,797)	(1,126,267)	-
Dividends to common shareholders of the Company	-	-	-	-	(36,425)	(36,425)	(18,175)	(54,600)
Reclassification of Redeemable preferred securities of Topicus from liabilities to preferred shares	2,073,205	-	-	-	-	2,073,205	-	2,073,205
Reclassification of Redeemable preferred securities of Topicus Coop from liabilities to non-controlling interest	-	-	-	-	-	-	1,442,910	1,442,910
Exchange of Topicus Coop ordinary units held by non-controlling interests to subordinate voting shares of Topicus	-	-	(7,760)	-	-	(7,760)	7,760	-
Accrued dividends to preferred shareholders of Topicus recorded subsequent to the Notification of Conversion	(25,731)	-	-	-	-	(25,731)	-	(25,731)
Accrued dividends to preference unit holders of Topicus Coop recorded subsequent to the Notification of Conversion	-	-	-	-	-	-	(17,157)	(17,157)
<b>Balance at June 30, 2021</b>	<b>2,047,473</b>	<b>39,412</b>	<b>(999,460)</b>	<b>(501)</b>	<b>(1,801,383)</b>	<b>(714,459)</b>	<b>1,007,964</b>	<b>293,505</b>

### Topicus.com Inc.

Condensed Consolidated Interim Statement of Changes in Shareholders' Equity

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

Unaudited

Six months ended June 30, 2020

Attributable to equity holders of Topicus							Total	Non-controlling	Total equity
Preferred Shares	Capital Stock	Other equity	Accumulated other	Retained earnings					

			comprehensive (loss) income	(deficit)		interests	
<b>Balance at January 1, 2020</b>	- 39,412	-	(477)	96,087	135,022	67,372	202,395
<i>Total comprehensive income (loss) for the period:</i>							
Net income (loss)	-	-	-	21,055	21,055	10,506	31,561
<i>Other comprehensive income (loss)</i>							
Foreign currency translation differences from							
foreign operations and other	-	-	(204)	-	(204)	(102)	(306)
<b>Total other comprehensive income (loss) for the period</b>	-	-	(204)	-	(204)	(102)	(306)
<b>Total comprehensive income (loss) for the period</b>	-	-	(204)	21,055	20,851	10,404	31,255
<b>Balance at June 30, 2020</b>	- 39,412	-	(681)	117,142	155,873	77,776	233,650

#### Topicus.com Inc.

##### Condensed Consolidated Interim Statements of Cash Flows

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

Three and six months ended June 30, 2021 and 2020

Unaudited

	Three months ended June		Six months ended June 30,	
	30,	2020	2021	2020
	2021			
Cash flows from (used in) operating activities:				
Net income (loss)	168,781	14,071	(2,267,353)	31,561
Adjustments for:				
Depreciation	5,800	4,175	12,031	8,385
Amortization of intangible assets	20,617	12,323	41,028	24,095
Redeemable preferred securities expense (income)	(154,611)	-	2,302,185	-
Impairment of intangible and other non-financial assets	1,600	-	1,600	-
Finance and other expenses (income)	2,890	1,337	5,908	3,291
Income tax expense (recovery)	4,856	3,340	9,431	7,315
Change in non-cash operating assets and liabilities exclusive of effects of business combinations	(71,468)	(42,575)	41,446	54,895
Income taxes (paid) received	(13,102)	(995)	(21,110)	(17,475)
Net cash flows from (used in) operating activities	(34,637)	(8,326)	125,167	112,067
Cash flows from (used in) financing activities:				
Interest paid on lease obligations	(395)	(217)	(599)	(430)
Interest paid on other facilities	(993)	(405)	(2,542)	(1,823)
Increase (decrease) in Revolving Credit Facility	4,968	-	10,000	(50,000)
Proceeds from issuance of term loans	64	-	65,907	-
Credit facility transaction costs	(151)	-	(2,397)	-
Payments of lease obligations	(4,186)	(3,095)	(8,508)	(6,251)
Repayment of unitholder loans	-	(647)	-	(647)
Dividends paid	-	-	(54,600)	-
Net cash flows from (used in) in financing activities	(693)	(4,364)	7,261	(59,151)

Cash flows from (used in) investing activities:				
Acquisition of businesses	(5,090)	(19,569)	(151,738)	(26,627)
Cash obtained with acquired businesses	(722)	5,014	14,246	6,732
Post-acquisition settlement payments, net of receipts	(6,339)	(3,713)	(11,008)	(4,863)
Receipt of additional subscription amount from the sellers of Topicus.com B.V.	27,589	-	27,589	-
Interest, dividends and other proceeds received	-	392	-	492
Property and equipment purchased	(1,167)	(640)	(1,933)	(1,300)
Net cash flows from (used in) investing activities	14,270	(18,516)	(122,844)	(25,566)
Effect of foreign currency on cash and cash equivalents				
	0	(0)	0	(0)
Increase (decrease) in cash	(21,059)	(31,206)	9,584	27,350
Cash, beginning of period	86,278	86,592	55,635	28,036
Cash, end of period	65,218	55,385	65,218	55,385