

CONSTELLATION SOFTWARE INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

The following discussion and analysis should be read in conjunction with the Unaudited Condensed Consolidated Interim Financial Statements for the three and six month periods ended June 30, 2025, which we 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 "Risks and Uncertainties".

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

Additional information about Constellation Software Inc. (the "Company", "Constellation" or "CSI"), including our most recently filed Annual Information Form ("AIF"), 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 the Company or 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 8, 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 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, including, but not limited to, the factors discussed under "Risks and Uncertainties". Although the forward looking statements contained in this MD&A are based upon what management of the Company believes are reasonable assumptions, the Company 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 the Company 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 the Company'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.

Free cash flow available to shareholders "FCFA2S" refers to net cash flows from operating activities less interest paid on lease obligations, interest paid on debt, debt transaction costs, payments of lease obligations, the IRGA / TSS membership liability revaluation charge, and property and equipment purchased, and includes interest and dividends received, and the proceeds from sale of interest rate caps. The portion of this amount applicable to non-controlling interests is then deducted. 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.

Overview

We acquire, manage and build vertical market software (“VMS”) businesses. Generally, these businesses provide mission critical software solutions that address the specific needs of our customers in particular markets. Our focus on acquiring businesses with growth potential, managing them well and then building them, has allowed us to generate significant cash flows and revenue growth during the past several years.

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 non-recurring license fees charged for the use of software products licensed under multiple-year or perpetual arrangements. Maintenance and other recurring revenue primarily consists of fees charged for customer support on software products post-delivery and also includes recurring fees derived from combined software/support contracts, transaction revenues, managed services associated with CSI software that has been sold to the customer, and hosted software-as-a-service products. Professional service revenue consists of fees charged for implementation services, custom programming, product training, certain managed services, and consulting. Hardware and other revenue includes the resale of third party hardware as part of customized solutions, as well as sales of hardware assembled internally and the reimbursement of travel costs. Our customers typically purchase a combination of software, maintenance, professional services and hardware, although the type, mix and quantity of each vary by customer and by product.

Expenses consist primarily of staff costs, the cost of hardware, third party licenses, maintenance and professional services to fulfill our customer arrangements, travel and occupancy costs, depreciation, and other general operating expenses.

Preferred Share Investment in Lumine

On February 22 and 23, 2023 (as part of a series of transactions relating to the acquisition of WideOrbit Inc. (“WideOrbit”)), the Company’s subsidiary, Lumine Group Inc. (“Lumine”), completed a corporate reorganization. At the beginning of the period, the Company owned 63,582,712 preferred shares (“Lumine Preferred Shares”) in the capital of the Company’s subsidiary, Lumine. The Lumine Preferred Shares were non-voting and under certain conditions were redeemable at the option of CSI for a redemption price of \$21.74 (the “Initial Face Value”) per share. The redemption price was to either be settled in cash or through the issuance of a variable number of subordinate voting shares of Lumine (“Lumine Subordinate Voting Shares”) based on the terms of the Lumine Preferred Shares, or any combination thereof. The Lumine Preferred Shares were also convertible into Lumine Subordinate Voting Shares at a conversion ratio of 1:2.4302106 at any time. The Lumine Preferred Shares entitled CSI to a fixed annual cumulative dividend of 5% per annum on the Initial Face Value.

On March 25, 2024, all of the Lumine Preferred Shares were automatically converted into Lumine Subordinate Voting Shares, and additional Lumine Subordinate Voting Shares were issued in satisfaction of the amounts owing in connection with the accrued dividends on the Lumine Preferred Shares. As at June 30, 2025, CSI holds 157,553,539 Lumine Subordinate Voting Shares.

Subsequent to the conversion, CSI continues to consolidate Lumine and now reflects an equity interest of 61.40% (December 31, 2023 – 0%) in Lumine and a non-controlling interest of 38.60% (December 31, 2023 – 100%).

Results of Operations

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

Unaudited

	Three months ended		Period-Over-Period		Six months ended		Period-Over-Period	
	June 30,		Change		June 30,		Change	
	2025	2024	\$	%	2025	2024	\$	%
Revenue	2,844	2,468	376	15%	5,498	4,822	676	14%
Expenses	2,089	1,898	191	10%	4,089	3,697	392	11%
Amortization of intangible assets	286	258	29	11%	558	500	58	12%
Foreign exchange (gain) loss	118	4	114	NM	150	(15)	164	NM
IRGA / TSS membership liability revaluation charge	126	8	118	NM	220	89	131	148%
Finance and other expense (income)	(28)	(23)	(5)	23%	(108)	(32)	(77)	241%
Bargain purchase gain	(5)	(2)	(3)	115%	(5)	(5)	(0)	8%
Impairment of intangible and other non-financial assets	9	6	3	55%	11	16	(4)	-28%
Redeemable preferred securities expense (income)	-	-	-	NM	-	58	(58)	-100%
Finance costs	71	69	2	3%	142	136	6	5%
Income before income taxes	179	252	(73)	-29%	441	378	64	17%
Income tax expense (recovery)								
Current income tax expense (recovery)	155	143	12	8%	292	270	22	8%
Deferred income tax expense (recovery)	(60)	(78)	18	-23%	(109)	(153)	44	-29%
Income tax expense (recovery)	95	65	29	45%	183	117	66	57%
Net income (loss) attributable to:								
Common shareholders of CSI	56	177	(121)	-68%	192	282	(90)	-32%
Non-controlling interests	28	10	18	179%	66	(21)	87	NM
Net income (loss) (Note 1)	85	187	(102)	-55%	258	261	(2)	-1%
Net cash flows from operating activities	433	265	168	63%	1,260	1,002	258	26%
Free cash flow available to shareholders	220	182	37	20%	730	628	102	16%
Weighted average number of shares outstanding								
Basic and diluted	21.2	21.2			21.2	21.2		
Net income (loss) per share								
Basic and diluted	\$ 2.66	\$ 8.35	\$ (5.69)	-68%	\$ 9.07	\$ 13.31	\$ (4.24)	-32%
Net cash flows from operating activities per share								
Basic and diluted	\$ 20.44	\$ 12.51	\$ 7.92	63%	\$ 59.44	\$ 47.27	\$ 12.17	26%
Free cash flow available to shareholders per share								
Basic and diluted	\$ 10.37	\$ 8.61	\$ 1.76	20%	\$ 34.46	\$ 29.65	\$ 4.81	16%
Cash dividends declared per share								
Basic and diluted	\$ 1.00	\$ 1.00	\$ -	0%	\$ 2.00	\$ 2.00	\$ -	0%

NM - Not meaningful

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

Note 1: The Company made an adjustment to the financial information for the three months ending March 31, 2025. This resulted in an increase in finance and other income of \$35 million, an increase in current income tax expense of \$2 million and an increase in net income of \$34 for the three months ended March 31, 2025. The Company will recast the comparative interim period in its future filings in 2026. See Note 5 to the Company's Unaudited Condensed Consolidated Interim Financial Statements for the three and six months ended June 30, 2025 for additional information.

Comparison of the three and six month periods ended June 30, 2025 and 2024

Revenue:

Total revenue for the quarter ended June 30, 2025 was \$2,844 million, an increase of 15%, or \$376 million, compared to \$2,468 million for the comparable period in 2024. For the first six months of 2025 total revenues were \$5,498 million, an increase of 14%, or \$676 million, compared to \$4,822 million for the comparable period in 2024. 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 5% and 3% respectively, 4% and 3% respectively 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 company in the financial period following acquisition compared to the estimated revenues they achieved in the corresponding financial period preceding the date of acquisition by Constellation. 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		Q224 Proforma Adj. (Note 1)	Organic Growth	Six months ended June 30,		Period-Over- Period Change		Q224 Proforma Adj. (Note 2)	Organic Growth
	2025	2024	\$	%	\$	%	2025	2024	\$	%	\$	%
	(\$ in millions, except percentages)											
Licenses	87	87	0	0%	7	-7%	183	175	8	5%	24	-8%
Professional services	532	495	38	8%	41	-1%	1,019	964	55	6%	90	-3%
Hardware and other	80	68	13	19%	13	0%	155	127	28	22%	24	2%
Maintenance and other recurring	2,144	1,819	325	18%	180	7%	4,141	3,556	585	16%	395	5%
	2,844	2,468	376	15%	240	5%	5,498	4,822	676	14%	533	3%

\$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 since Q2 2023. Note that the estimated revenues achieved by acquired companies in the corresponding financial period preceding the date of acquisition by Constellation may be updated in the quarter following the quarter they were acquired resulting in slight variances to previously reported figures.

	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	Jun. 30 2025	
Licenses	-1%	-7%	15%	-8%	-23%	-20%	-19%	-9%	-7%	
Professional services	1%	7%	4%	-1%	-2%	-6%	-4%	-6%	-1%	
Hardware and other	3%	10%	-18%	-11%	-9%	-7%	4%	5%	0%	
Maintenance and other recurring	6%	9%	7%	7%	5%	6%	5%	2%	7%	
Revenue	4%	7%	6%	4%	2%	2%	2%	0%	5%	

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

	Quarter Ended									
	Jun. 30	Sep. 30	Dec. 31	Mar. 31	Jun. 30	Sep. 30	Dec. 31	Mar. 31	Jun. 30	
	<u>2023</u>	<u>2023</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>	<u>2025</u>	
Licenses	-1%	-9%	13%	-9%	-22%	-20%	-19%	-8%	-9%	
Professional services	1%	4%	2%	-2%	-2%	-7%	-3%	-4%	-2%	
Hardware and other	3%	6%	-20%	-12%	-8%	-8%	4%	7%	-2%	
Maintenance and other recurring	7%	7%	6%	6%	6%	6%	5%	4%	6%	
Revenue	5%	5%	4%	3%	3%	1%	2%	2%	4%	

Expenses:

The following table displays the breakdown of our expenses:

Expenses	Three months ended				Six months ended			
	June 30,		Period-Over-Period Change		June 30,		Period-Over-Period Change	
	<u>2025</u>	<u>2024</u>	\$	%	<u>2025</u>	<u>2024</u>	\$	%
	(\$ in millions, except percentages)				(\$ in millions, except percentages)			
Staff	1,457	1,328	129	10%	2,869	2,620	249	9%
Hardware	43	37	6	16%	83	72	11	15%
Third party license, maintenance and professional services	268	243	25	10%	522	458	64	14%
Occupancy	17	16	1	5%	33	30	3	10%
Travel, Telecommunications, Supplies & Software and equipment	144	133	11	8%	275	245	30	12%
Professional fees	55	44	11	24%	102	83	19	23%
Other, net	56	51	5	9%	109	101	9	9%
Depreciation	50	45	4	10%	96	89	7	8%
	2,089	1,898	191	10%	4,089	3,697	392	11%

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

Overall expenses for the quarter ended June 30, 2025 increased 10%, or \$191 million to \$2,089 million, compared to \$1,898 million during the same period in 2024. As a percentage of total revenue, expenses equalled 73% for the quarter ended June 30, 2025 and 77% for the same period in 2024. During the six months ended June 30, 2025, expenses increased 11%, or \$392 million to \$4,089 million, compared to \$3,697 million during the same period in 2024. As a percentage of total revenue, expenses equalled 74% for the six months ended June 30, 2025 and 77% for the same period in 2024. For the three and six months ended June 30, 2025 the change in valuation of the US dollar against most major currencies in which the Company transacts business resulted in an approximate 2% increase and 0% decrease in expenses respectively compared to the comparable periods of 2024.

Staff expense – Staff expenses increased 10% or \$129 million for the quarter ended June 30, 2025 and 9% or \$249 million for the six months ended June 30, 2025 over the same periods 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	
	<u>2025</u>	<u>2024</u>	\$	%	<u>2025</u>	<u>2024</u>	\$	%
	(\$ in millions, except percentages)				(\$ in millions, except percentages)			
Professional services	301	290	12	4%	594	577	17	3%
Maintenance	304	268	36	13%	597	515	83	16%
Research and development	405	356	48	13%	793	716	77	11%
Sales and marketing	172	159	13	8%	339	315	23	7%
General and administrative	275	254	21	8%	546	497	49	10%
	1,457	1,328	129	10%	2,869	2,620	249	9%

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

The increase in staff expenses for the three and six months ended June 30, 2025 was primarily due to the growth in the number of employees compared to the same periods in 2024 primarily due to acquisitions. Staff expenses in the first quarter of every year are typically higher as a percentage of revenue as compared to other quarters, largely attributable to increased payroll tax costs associated with our annual bonus payments that are made in the month of March.

Hardware expenses – Hardware expenses increased 16% or \$6 million for the quarter ended June 30, 2025 and 15% or \$11 million for the six months ended June 30, 2025 over the same periods in 2024 as compared with the 19% and 22% increases in hardware and other revenue for the three and six month periods ending June 30, 2025 respectively over the comparable periods in 2024. Hardware margins for the three and six months ended June 30, 2025 were both 47% as compared to 45% and 43% for the comparable periods in 2024.

Third party license, maintenance and professional services expenses – Third party license, maintenance and professional services expenses increased 10% or \$25 million for the quarter ended June 30, 2025 and 14% or \$64 million for the six months ended June 30, 2025 over the same periods in 2024. The increase is primarily due to third party license, maintenance and professional services expenses of acquired businesses.

Occupancy expenses – Occupancy expenses increased 5% or \$1 million for the quarter ended June 30, 2025 and 10% or \$3 million for the six months ended June 30, 2025 over the same periods in 2024. This increase is primarily due to the occupancy expenses of acquired businesses.

Travel, Telecommunications, Supplies & Software and equipment expenses – Travel, Telecommunications, Supplies & Software and equipment expenses increased 8% or \$11 million for the quarter ended June 30, 2025 and 12% or \$30 million for the six months ended June 30, 2025 over the same periods in 2024. The increase in these expenses is primarily due to expenses incurred by acquired businesses.

Professional fees – Professional fees increased 24% or \$11 million for the quarter ended June 30, 2025 and 23% or \$19 million for the six months ended June 30, 2025 over the same periods in 2024. There are no individually material reasons contributing to this variance.

Other, net – Other expenses increased 9% or \$5 million for the quarter ended June 30, 2025 and 9% or \$9 million for the six months ended June 30, 2025 over the same periods 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	40	34	6	19%	77	65	12	18%
Recruitment and training	13	11	2	15%	23	21	1	7%
Bad debt expense	2	2	(1)	-22%	3	4	(1)	-24%
R&D tax credits	(14)	(12)	(2)	18%	(25)	(25)	0	-2%
Contingent consideration	4	5	(1)	-20%	11	16	(5)	-30%
Other expense, net	11	10	1	5%	20	19	1	3%
	56	51	5	9%	109	101	9	9%

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

The contingent consideration expense amounts recorded for the three and six months ended June 30, 2025 related to an increase (decrease) in anticipated acquisition earnout payment accruals primarily as a result of increases (decreases) 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.

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

Depreciation – Depreciation of property and equipment increased 10% or \$4 million for the quarter ended June 30, 2025 and 8% or \$7 million for the six months ended June 30, 2025 over the same periods in 2024. The increases are primarily due to the depreciation expense associated with acquired businesses.

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	286	258	29	11%	558	500	58	12%
Foreign exchange (gain) loss	118	4	114	NM	150	(15)	164	NM
IRGA / TSS membership liability revaluation charge	126	8	118	NM	220	89	131	148%
Finance and other expense (income)	(28)	(23)	(5)	23%	(108)	(32)	(77)	241%
Bargain purchase gain	(5)	(2)	(3)	115%	(5)	(5)	(0)	8%
Impairment of intangible and other non-financial assets	9	6	3	55%	11	16	(4)	-28%
Redeemable preferred securities expense (income)	-	-	-	NM	-	58	(58)	-100%
Finance costs	71	69	2	3%	142	136	6	5%
Income tax expense (recovery)	95	65	29	45%	183	117	66	57%
	671	384	288	75%	1,151	864	287	33%

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 11% or \$29 million for the quarter ended June 30, 2025 and 12% or \$58 million for the six months ended June 30, 2025 over the same periods in 2024. The increase in amortization expense for the three and six months ended June 30, 2025 is primarily attributable to an increase in the carrying amount of our intangible asset balance over the twelve-month period ended June 30, 2025 as a result of acquisitions completed during this twelve-month period.

Foreign exchange – 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 realized foreign exchange losses of \$118 million and \$150 million respectively compared to a loss of \$4 million and gain of \$15 million for the same periods in 2024. The following table provides a breakdown of these amounts.

	Three months ended				Six months ended			
	June 30,		Period-Over-Period		June 30,		Period-Over-Period	
	2025	2024	\$	%	2025	2024	\$	%
	(\$ in millions, except percentages)				(\$ in millions, except percentages)			
Unrealized foreign exchange (gain) loss related to:								
- revaluation of intercompany loans between entities with differing functional currencies ⁽¹⁾	3	11	(8)	-69%	(1)	14	(15)	NM
- revaluation of the Company's unsecured subordinated floating rate debentures as a result of the appreciation (depreciation) of the Canadian dollar against the US dollar.	20	(4)	24	NM	21	(13)	34	NM
- revaluation of the liability associated with the IRGA (Euro denominated liability)	72	(4)	76	NM	101	(19)	120	NM
Remaining foreign exchange (gain) loss	23	1	21	NM	29	3	26	837%
	118	4	114	NM	150	(15)	164	NM

NM - Not meaningful

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

(1) Offsetting amounts recorded in other comprehensive income. Net impact to Total comprehensive income for each period is nil.

The remaining foreign exchange gains and losses per the table above are primarily related to the unrealized foreign exchange translation gains and losses of certain non-US dollar denominated working capital balances to US dollars as a result of the depreciation or appreciation of the US dollar.

IRGA / TSS membership liability revaluation charge – On December 23, 2014, in accordance with the terms of the purchase and sale agreement for the initial acquisition of TSS (as defined below) by CSI, and on the basis of the term sheets attached thereto, Constellation and the Joday Group, among others, entered into a Members Agreement (the “Members Agreement”) pursuant to which the Joday Group acquired 33.29% of the voting interests in Constellation Software Netherlands Holding Coöperatief U.A. (which was renamed to Topicus.com Coöperatief U.A.), a subsidiary of Constellation and the indirect owner of 100% of TSS at the time of the acquisition. Total proceeds from this transaction was €39 million (\$49 million).

On January 5, 2021, the Members Agreement was terminated in conjunction with the acquisition of Topicus.com B.V., the reorganization of Topicus Coop and the execution of the IRGA. The IRGA was established to create certain contractual obligations of the parties in respect of the governance of Topicus and Topicus Coop. As of June 30, 2025 the Joday Group’s interest in Topicus Coop comprised 38,148,221 Topicus Coop Ordinary Units (“Topicus Coop Units”) resulting in an interest of 29.38% in Topicus Coop. The IRGA provides for transfer restrictions in respect of the Topicus Coop Units. See “Liability of CSI under the terms of the IRGA” below for further details.

The valuation of the IRGA liability (previously the TSS membership liability) increased by approximately 15% or \$126 million from Q1 2025, and approximately 32% or \$220 million from Q4 2024. The increases are primarily the result of the growth in TSS’ trailing twelve month maintenance revenue on a pro-forma basis (primarily due to acquisitions) and an increase in net tangible assets (as defined under the IRGA) resulting from an investment in equity securities. Maintenance revenue and net tangible assets are the two main drivers in the calculation of the liability. The liability recorded on the balance sheet increased by 46% or \$321 million over the

six month period ended June 30, 2025 from \$693 million to \$1,014 million as a result of the revaluation charge of \$220 million and a \$101 million foreign exchange loss. The IRGA / TSS membership liability is denominated in Euros and the Euro appreciated 10% versus the US dollar during the six months ended June 30, 2025.

Finance and other expense (income) – Finance and other income for the three and six months ended June 30, 2025 was \$28 million and \$108 million respectively, compared to \$23 million and \$32 million respectively for the same periods in 2024. The following table provides a further breakdown of expenses (income) within this category.

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Interest income on cash	\$ (12)	\$ (9)	\$ (23)	\$ (15)
(Increase) decrease in the fair value of equity securities	(4)	(2)	(36)	0
Share in net (income) loss of equity investee	(0)	(0)	(0)	0
(Increase) decrease in the fair value of derivative and other finance income	1	-	(5)	-
Finance and other income	(12)	(12)	(45)	(17)
Finance and other expense (income)	\$ (28)	\$ (23)	\$ (108)	\$ (32)

The increase in the fair value of equity securities relates to the Company’s investment in Asseco Poland S.A. (“Asseco”). On January 31, 2025, the Company purchased 8,300,029 shares in Asseco representing approximately 9.99% of the issued shares in Asseco. The Asseco shares were acquired at a price of 85 PLN per share for total consideration of \$174 million. Asseco offers comprehensive, proprietary IT solutions for all sectors of the economy and is listed on the Polish Warsaw Stock Exchange (the “WSE”). The Company made an irrevocable election at the time of initial recognition to present subsequent changes in fair value in other comprehensive income (“FVOCI”). The Company designated the Asseco investment as equity securities at FVOCI because the investment in Asseco represents an investment that the Company intends to hold for the long term. During the three and six months ended June 30, 2025, the Company recorded gains of \$95 million and \$216 million respectively based on the share price as at June 30, 2025 within other comprehensive income reduced by transaction costs of \$2 million. The investment in Asseco has been classified as a non-current asset as at June 30, 2025 within “Equity Securities”.

The Company corrected an immaterial error relating to the three months ending March 31, 2025. At the time the Company purchased shares of Asseco, the trading price per Asseco share on the WSE was in excess of the purchase price of 85 PLN per share. The Company had recorded the initial gain of \$35 million in other comprehensive income. Under IFRS Accounting Standards, the difference between the fair value at initial recognition and the transaction price should have been recognized as a gain or loss in the statement of income (loss) with subsequent changes in fair value recorded in other comprehensive income. Additionally, as a result of the above, current income tax expense was understated by \$2 million due to the recognition of the initial gain in other comprehensive income. As a result, an adjustment was made to the condensed consolidated interim statement of income (loss) and condensed consolidated interim statement comprehensive income (loss). There was no change to assets or cash flows. See Note 5 to the Company’s Unaudited Condensed Consolidated Interim Financial Statements for the three and six months ended June 30, 2025 for additional information.

The (increase) decrease in the fair value of derivative relates to the Company entering into a binding agreement in respect of the acquisition of 12,318,863 treasury shares of Asseco. See Note 15 to the Company’s Unaudited Condensed Consolidated Interim Financial Statements for the three and six months ended June 30, 2025 for additional information.

Finance and other income for the six months ended June 30, 2025 includes a \$29 million settlement payment related to the fair value of the net tangible assets acquired as part of an acquisition that closed in 2024. There are no individually material reasons contributing to the remaining variances.

Bargain purchase gain – Bargain purchase gains totalling \$5 million were recorded in both the three and six months ended June 30, 2025, compared to \$2 million and \$5 million for the same periods in 2024, relating to acquisitions made in the respective periods. The gains resulted from the fact that the fair value of the separately identifiable assets and liabilities acquired exceeded the total consideration paid, principally due to the acquisition of certain assets that will benefit the Company that had limited value to the sellers.

Impairment of intangible and other non-financial assets – Impairment expenses of \$9 million and \$11 million were recorded in the three and six month periods ended June 30, 2025 compared to \$6 million and \$16 million for the same periods in 2024. The expenses relate to businesses that have been unable to achieve the goals established in their respective investment theses.

Redeemable preferred securities expense – The redeemable preferred securities expense for the three and six month periods ended June 30, 2025 was nil compared to nil and \$58 million for the same periods in 2024. In conjunction with the acquisition of WideOrbit, Lumine issued 10,204,294 special shares of Lumine (the “Lumine Special Shares” or the “Preferred Securities”) to the sellers of WideOrbit for an initial subscription price of approximately \$222 million. Holders of the Preferred Securities were entitled to convert some or all of their Preferred Securities into Lumine Subordinate Voting Shares on the basis of 3.4302106 Lumine Subordinate Voting Shares per Preferred Security, at any time.

The Preferred Securities were recorded at fair value at the end of each reporting period. The change in fair value of the Preferred Securities was recorded as redeemable preferred securities expense (income) in the consolidated statements of income (loss). Based on the Preferred Securities conversion right, the value of the Preferred Securities was primarily dependent on the price movement of Lumine’s Subordinate Voting Shares. The holders of the Lumine Special Shares were also entitled to a fixed annual cumulative dividend of 5% per annum.

On March 25, 2024, all of the Lumine Special Shares were automatically converted into Lumine Subordinate Voting Shares, and additional Lumine Subordinate Voting Shares were issued in satisfaction of the amounts owing in connection with the accrued dividends on Lumine Special Shares. Specifically, a total of 35,076,193 Lumine Subordinate Voting Shares were issued.

Finance costs – Finance costs for the quarter ended June 30, 2025 increased \$2 million to \$71 million, compared to \$69 million for the same period in 2024. During the six months ended June 30, 2025, finance costs increased \$6 million to \$142 million, from \$136 million for the same period in 2024. The increases are primarily a result of an increase in the average debt outstanding in 2025 as compared to 2024.

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 consolidated 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 quarter ended June 30, 2025, income tax expense increased \$29 million to \$95 million compared to \$65 million for the same period in 2024. During the six months ended June 30, 2025, income tax expense increased \$66 million to \$183 million compared to \$117 million for the same period in 2024. Current tax expense has historically approximated our cash tax rate however the quarterly expense can sometimes fall outside of the annual range due to out of period adjustments. Current tax expense reflects gross taxes before the application of R&D tax credits which are classified as part of “other, net” expenses in the statement of income (loss). The Company’s consolidated effective tax rate in respect of continuing operations for the three and six months ended June 30, 2025 was 53% and 42% respectively (26% and 31% for the three and six months ended June 30, 2024 respectively).

Constellation is subject to tax audits in the countries in which the Company carries on business globally. These tax audits could result in additional tax expense in future periods relating to historical filings. Reviews by tax authorities generally focus on, but are not limited to, the validity of the Company’s inter-company transactions, including financing and transfer pricing policies which generally involve subjective areas of taxation and a significant degree of judgment. If any of these tax authorities are successful with their challenges, the Company’s

income tax expense may be adversely affected and Constellation could also be subject to interest and penalty charges.

Net Income and Earnings per Share:

Net income attributable to common shareholders of CSI for the quarter ended June 30, 2025 was \$56 million compared to \$177 million for the same period in 2024. On a per share basis this translated into net income per diluted share of \$2.66 in the quarter ended June 30, 2025 compared to net income per diluted share of \$8.35 for the same period in 2024. For the six months ended June 30, 2025, net income attributable to common shareholders of CSI was \$192 million or \$9.07 per diluted share compared to \$282 million or \$13.31 per diluted share for the same period in 2024. There was no change in the number of shares outstanding.

Net cash flows from operating activities ("CFO"):

For the quarter ended June 30, 2025, CFO increased \$168 million to \$433 million compared to \$265 million for the same period in 2024 representing an increase of 63%. For the six months ended June 30, 2025, CFO increased \$258 million to \$1,260 million compared to \$1,002 million for the same period in 2024 representing an increase of 26%.

Free cash flow available to shareholders ("FCFA2S"):

For the quarter ended June 30, 2025, FCFA2S increased \$37 million to \$220 million compared to \$182 million for the same period in 2024 representing an increase of 20%. For the six months ended June 30, 2025, FCFA2S increased \$102 million to \$730 million compared to \$628 million for the same period in 2024 representing an increase of 16%.

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2025	2024	2025	2024
	(\$ in millions)		(\$ in millions)	
Net cash flows from operating activities	433	265	1,260	1,002
Adjusted for:				
Interest paid on lease obligations	(4)	(3)	(8)	(7)
Interest paid on debt	(32)	(37)	(94)	(78)
Proceeds from sale of interest rate cap	-	-	-	-
Debt transaction costs	(4)	(2)	(4)	(13)
Payments of lease obligations	(33)	(29)	(63)	(58)
IRGA / TSS membership liability revaluation charge	(126)	(8)	(220)	(89)
Property and equipment purchased	(16)	(13)	(31)	(23)
Interest and dividends received	20	9	32	15
	<u>239</u>	<u>182</u>	<u>871</u>	<u>749</u>
Less amount attributable to Non-controlling interests	(19)	1	(140)	(121)
Free cash flow available to shareholders	220	182	730	628

Due to rounding, certain totals may not foot.

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 Note 1	Jun. 30 2025
Revenue	2,039	2,126	2,323	2,353	2,468	2,541	2,703	2,654	2,844
Net income (loss) *	103	227	141	105	177	164	285	115	56
CFO	123	513	511	737	265	517	678	827	433
FCFA2S	14	367	325	446	182	362	482	510	220
Net income per share *									
Basic & diluted	4.88	10.70	6.64	4.95	8.35	7.74	13.44	5.44	2.66
CFO per share									
Basic & diluted	5.78	24.22	24.09	34.76	12.51	24.37	31.99	39.00	20.44
FCFA2S per share									
Basic & diluted	0.68	17.33	15.33	21.04	8.61	17.06	22.76	24.07	10.37

* Attributable to common shareholders of CSI

Note 1: The Company made an adjustment to the financial information for the three months ending March 31, 2025. This resulted in an increase in finance and other income of \$35 million, an increase in current income tax expense of \$2 million and an increase in net income of \$34 for the three months ended March 31, 2025. The Company will recast the comparative interim period in its future filings in 2026. See Note 5 to the Company's Unaudited Condensed Consolidated Interim Financial Statements for the three and six months ended June 30, 2025 for additional information.

We experience seasonality in our operating results in that CFO and FCFA2S in the first quarter of every year is typically the highest and CFO and FCFA2S in the second quarter of every year is typically the lowest. The key driver impacting this seasonality is the timing of annual maintenance contract renewals. Our quarterly results may also 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, foreign exchange gains and losses, bargain purchase gains, and gains or losses on the sale of financial and other assets.

Spin-Outs

Topicus.com Inc.

Constellation (TSX:CSU) and Topicus (TSXV:TOI) announced on January 5, 2021 that Constellation, acting through its Total Specific Solutions (“TSS”) operating group and its subsidiary TPCS Holding B.V., completed the purchase of 100% of the shares of Topicus.com B.V., a Netherlands-based diversified vertical market software provider, from IJssel B.V. and that in connection with the closing of the acquisition, TSS has been spun out of Constellation and now operates, together with Topicus.com B.V., as a separate public company, Topicus.com Inc. (collectively, the “Spin-Out Transactions”).

In connection with the completion of the Spin-Out Transactions, on January 4, 2021, all of Constellation’s common shareholders of record on December 28, 2020 received, by way of a dividend-in-kind, 1.859817814 subordinate voting shares of Topicus.com (the “Spin-Out Shares”) for each common share of Constellation held.

Constellation’s equity interest in TSS prior to the Spin-Out Transactions was 66.7%. Constellation’s equity interest in Topicus after completion of the Spin-Out Transactions on a fully diluted basis was approximately 30.4%. Constellation’s equity interest on a fully diluted basis as at June 30, 2025 is approximately 31.3%. In addition, Constellation as the holder of the Topicus Super Voting Share is entitled to that number of votes that equals 50.1%

of the aggregate number of votes attached to all of the outstanding voting shares at such time. As a result of the Topicus Super Voting Share Constellation consolidated the financial results of Topicus with its financial results.

Lumine Group Inc.

On February 22 and 23, 2023 (as part of a series of transactions relating to the acquisition of WideOrbit Inc. (“WideOrbit”)), the Company’s subsidiary, Lumine Group Inc. (“Lumine”), completed a corporate reorganization. See “Preferred Share Investment in Lumine” on page 2.

The Company holds 1 super voting share of Lumine (the “Lumine Super Voting Share”). The Lumine Super Voting Share entitles CSI to that number of votes that equals 50.1% of the aggregate number of votes attached to all the outstanding Lumine Super Voting Shares, Lumine Subordinate Voting Shares and Lumine Special Shares. As a result, the Company controls Lumine and has consolidated Lumine’s financial position and results of operations. As at June 30, 2025, the Company holds 157,553,539 Lumine Subordinate Voting Shares and now reflects an equity interest of 61.40% in Lumine and a non-controlling interest of 38.60%.

The tables below provide certain supplemental balance sheet, statement of income, and net operating cash flow information of Topicus and Lumine for the three and six months ended June 30, 2025. Neither Topicus or Lumine are considered a reportable operating segment of Constellation, however, management has chosen to provide certain supplemental financial information to provide greater clarity into the operating performance and cash flow from operations of Topicus and Lumine considering Constellation’s equity ownership. The financial information includes the adjustments discussed in the “Finance and other expense (income)” section above.

Selected Balance Sheet Information

As at June 30, 2025

(Unaudited)	Constellation Software Inc. (excluding Topicus & Lumine)				Consolidated
	Topicus	Lumine			
Cash	1,993	293	290		2,575
Bank debt, loans, bonds and debentures	2,912	568	244		3,724

Statement of Income
(Excluding intercompany activity)

(Unaudited)	For the three months ended June 30, 2025				For the six months ended June 30, 2025			
	Constellation Software Inc. (excluding Topicus & Lumine)				Constellation Software Inc. (excluding Topicus & Lumine)			
	& Lumine)	Topicus	Lumine	Consolidated	& Lumine)	Topicus	Lumine	Consolidated
Revenue	2,241	419	184	2,844	4,344	791	363	5,498
Expenses	1,647	321	121	2,089	3,246	604	239	4,089
Amortization of intangible assets	215	45	26	286	423	83	52	558
Foreign exchange (gain) loss	115	(2)	4	118	145	(1)	6	150
IRGA / Membership liability revaluation charge	126	-	-	126	220	-	-	220
Finance and other income	(18)	(9)	(2)	(28)	(56)	(50)	(3)	(108)
Bargain purchase gain	(2)	(0)	(2)	(5)	(2)	(0)	(2)	(5)
Impairment of intangible and other non-financial assets	9	-	-	9	11	-	-	11
Finance costs	59	7	5	71	118	14	10	142
Income (loss) before income taxes	90	57	32	179	239	142	61	441
Income tax expense (recovery)								
Current income tax expense (recovery)	121	21	13	155	224	41	27	292
Deferred income tax expense (recovery)	(46)	(10)	(5)	(60)	(78)	(19)	(12)	(109)
Income tax expense (recovery)	75	12	8	95	146	22	15	183
Net income (loss)	14	46	24	85	93	120	46	258
Net cash flows from operating activities	373	(19)	78	433	876	266	119	1,260

Foreign Exchange Adjusted Organic Revenue Growth
(Excluding intercompany activity)

	For the three months ended June 30, 2025				For the six months ended June 30, 2025			
	Constellation Software Inc. (excluding Topicus & Lumine)				Constellation Software Inc. (excluding Topicus & Lumine)			
	& Lumine)	Topicus	Lumine	Consolidated	& Lumine)	Topicus	Lumine	Consolidated
Licenses	-13%	19%	-10%	-9%	-5%	8%	-31%	-8%
Professional services	-4%	-3%	15%	-2%	-4%	-3%	3%	-3%
Hardware and other	-4%	10%	17%	-2%	-2%	0%	79%	2%
Maintenance and other recurring	6%	8%	6%	6%	5%	7%	3%	5%
Revenue	3%	5%	6%	4%	3%	4%	1%	3%

Acquisition of business segment from Allscripts Healthcare Solutions

On May 2, 2022, Constellation, through its wholly-owned subsidiary, N. Harris Computer Corporation, completed the purchase from Allscripts Healthcare Solutions (“Allscripts”) of Allscripts’ Hospitals and Large Physician Practices business segment. This business segment now operates under the name Altera.

The tables below provide certain supplemental balance sheet, statement of income, and net operating cash flow information of Altera for the three and six months ended June 30, 2025. Altera is not considered a reportable operating segment of Constellation, however, management has chosen to provide certain supplemental financial information to provide greater clarity into the operating performance and cash flow from operations of Altera considering the size of the business and its impact on the results of Constellation. The financial information includes the adjustments discussed in the “Finance and other expense (income)” section above.

Selected Balance Sheet Information
As at June 30, 2025

(Unaudited)	Constellation Software Inc. (excluding		
	Altera)	Altera	Consolidated
Cash	2,428	147	2,575
Bank debt, loans, bonds and debentures	3,477	247	3,724

Statement of Income
(Excluding intercompany activity)

(Unaudited)	For the three months ended June 30, 2025			For the Six months ended June 30, 2025		
	Constellation Software Inc. (excluding Altera)	Altera	Consolidated	Constellation Software Inc. (excluding Altera)	Altera	Consolidated
Revenue	2,647	197	2,844	5,132	366	5,498
Expenses	1,947	142	2,089	3,799	290	4,089
Amortization of intangible assets	269	18	286	523	35	558
Foreign exchange (gain) loss	116	2	118	148	1	150
IRGA / Membership liability revaluation charge	126	-	126	220	-	220
Finance and other income	(28)	(0)	(28)	(108)	(1)	(108)
Bargain purchase gain	(5)	-	(5)	(5)	-	(5)
Impairment of intangible and other non-financial assets	9	-	9	11	-	11
Redeemable preferred securities expense (income)	-	-	-	-	-	-
Finance costs	67	4	71	134	8	142
Income (loss) before income taxes	146	33	179	409	32	441
Income tax expense (recovery)						
Current income tax expense (recovery)	144	11	155	279	12	292
Deferred income tax expense (recovery)	(56)	(4)	(60)	(102)	(6)	(109)
Income tax expense (recovery)	87	7	95	177	6	183
Net income (loss)	59	26	85	232	26	258
Net cash flows from operating activities	397	36	433	1,202	58	1,260
Free cash flow available to shareholders	190	30	220	687	44	730

Foreign Exchange Adjusted Organic Revenue Growth
(Excluding intercompany activity)

	For the three months ended June 30, 2025			For the Six months ended June 30, 2025		
	Constellation Software Inc. (excluding Altera)	Altera	Consolidated	Constellation Software Inc. (excluding Altera)	Altera	Consolidated
Licenses	-11%	39%	-9%	-7%	-29%	-8%
Professional services	0%	-15%	-2%	-2%	-15%	-3%
Hardware and other	-5%	1185%	-2%	1%	808%	2%
Maintenance and other recurring	6%	1%	6%	6%	-4%	5%
Revenue	4%	-3%	4%	4%	-8%	3%

Liquidity

	June 30, 2025	December 31, 2024	Variance
Cash	2,575	1,980	596
Debt with recourse to Constellation Software Inc.	2,507	2,159	349
Debt without recourse to Constellation Software Inc.	2,231	2,008	223
Debt	4,738	4,166	571
Cash less Debt	(2,162)	(2,187)	24

Cash flows from operations exceeded the net capital deployed on acquisitions plus dividends during the six months ended June 30, 2025. Cash increased by \$596 million to \$2,575 million at June 30, 2025 compared to \$1,980 million at December 31, 2024 and debt increased by \$571 million to \$4,738 million at June 30, 2025 compared to \$4,166 million at December 31, 2024.

Total assets increased \$1,877 million, from \$12,851 million at December 31, 2024 to \$14,728 million at June 30, 2025. The increase is primarily due to the \$596 million increase in cash, the \$96 million increase in unbilled revenue, the \$468 million increase in equity securities, and the \$448 million increase in intangible assets. At June 30, 2025 Topicus, Lumine and other subsidiaries with non-recourse debt facilities hold approximately \$872 million of cash. As explained in the “Capital Resources and Commitments” section below, there are limitations on the ability of these subsidiaries to distribute funds to Constellation.

Current liabilities increased \$559 million, from \$4,664 million at December 31, 2024 to \$5,223 million at June 30, 2025. The increase is primarily due to an increase in debt with recourse to Constellation of \$272 million, and an increase in deferred revenue of \$449 million mainly due to acquisitions made since December 31, 2024 and the timing of maintenance and other billings versus performance and delivery under those customer arrangements, offset by a decrease in debt without recourse to Constellation of \$69 million and a decrease in accounts payable and accrued liabilities of \$75 million.

Net Changes in Cash Flows

(\$ in millions)

	Six months ended June 30, 2025	Six months ended June 30, 2024
Net cash provided by operating activities	1,260	1,002
Net cash from (used in) financing activities	(48)	363
Cash used in the acquisition of businesses	(604)	(805)
Cash obtained with acquired businesses	56	66
Net cash from (used in) other investing activities	(169)	(14)
Net cash from (used in) investing activities	(717)	(753)
Effect of foreign currency	101	(22)
Net increase (decrease) in cash and cash equivalents	596	590

The net cash flows from operating activities were \$1,260 million for the six months ended June 30, 2025. The \$1,260 million provided by operating activities resulted from net income of \$258 million plus \$1,256 million of adjustments to net income (primarily amortization of intangible assets, depreciation, IRGA/TSS Membership liability revaluation charge, finance and other income, finance costs, and income tax expense) and \$46 million of

cash from non-cash working capital, offset by \$2 million in transaction costs associated with equity securities and \$299 million in taxes paid.

The net cash flows used in financing activities for the six months ended June 30, 2025 were \$48 million, which is mainly a result of interest payments of \$102 million, lease obligation payments of \$63 million, and dividends paid to common shareholders of \$42 million, offset by a net increase in debt facilities of \$164 million.

The net cash flows used in investing activities for the six months ended June 30, 2025 were \$717 million. The cash used in investing activities was primarily due to acquisitions for an aggregate of \$604 million (including payments for holdbacks relating to prior acquisitions), and an investment in equity securities of \$174 million, offset by \$56 million of acquired cash.

We believe we have sufficient cash and available credit capacity to continue to operate for the foreseeable future. Generally our VMS businesses operate with negative working capital as a result of the collection of maintenance payments and other revenues in advance of the performance of the related services. As such, management anticipates that it can continue to grow the business organically without any additional funding. If we continue to acquire VMS businesses we may need additional external funding depending upon the size and timing of the potential acquisitions (see “Subsequent Events” below).

Capital Resources and Commitments

Debt with recourse to CSI comprises the following (\$ in millions):

	CSI Facility	Senior Notes	Liability of CSI under the IRGA	Debentures	Term Loan	Total
Principal outstanding at June 30, 2025 (and, except for debentures, equal to fair value)	\$ -	\$ 1,000	\$ 1,014	\$ 363	\$ 89	2,466
Deduct: Unamortized transaction costs included in debt balance	-	(7)	-	-	(0)	(7)
Add: Unamortized debt premium	-	-	-	48	-	48
Carrying value at June 30, 2025	-	993	1,014	411	89	2,507
Current portion	-	-	575	-	-	575
Non-current portion	-	993	439	411	89	1,932

CSI Facility

On January 31, 2024, the Company completed an amendment and restatement of its existing credit facility agreement (the “CSI Facility”). The facility limit was increased from \$840 million to \$1,085 million, with a syndicate of existing and new institutions. The agreement has also moved from a secured to an unsecured facility structure, which continues to be available for general corporate purposes including acquisitions and working capital. The CSI Facility is guaranteed by certain subsidiaries of the Company. The CSI Facility bears a variable interest rate with no fixed repayments required over the term to maturity. Interest rates are calculated at standard U.S. and Canadian reference rates plus interest rate spreads based on a leverage table. The CSI Facility contains standard events of default which if not remedied within a cure period would trigger the repayment of any outstanding balance. As at June 30, 2025, nil had been drawn from this credit facility, and letters of credit totaling \$13 million were issued, which limits the borrowing capacity on a dollar-for-dollar basis.

Senior Notes

On February 16, 2024, the Company completed a private offering of \$500 million aggregate principal amount of 5.158% senior notes due 2029 and \$500 million aggregate principal amount of 5.461% senior notes due 2034 (collectively, the “Senior Notes”). The Senior Notes are senior unsecured obligations of the Company and rank equally in right of payment to all of the Company’s existing and future senior unsecured indebtedness, including the CSI Facility. The Senior Notes are guaranteed by certain subsidiaries of the Company on the same basis as such subsidiaries have guaranteed the CSI Facility. Transaction costs associated with the Senior Notes are being amortized through profit or loss using the effective interest rate method.

Liability of CSI under the terms of the IRGA / TSS Membership Agreement

On December 23, 2014, in accordance with the terms of the purchase and sale agreement for the initial acquisition of TSS by CSI, and on the basis of the term sheets attached thereto, Constellation and the Joday Group, among others, entered into a Members Agreement (the “Members Agreement”) pursuant to which the Joday Group acquired 33.29% of the voting interests in Constellation Software Netherlands Holding Coöperatief U.A. (which was renamed to Topicus.com Coöperatief U.A.), a subsidiary of Constellation and the indirect owner of 100% of TSS at the time of the acquisition. Total proceeds from this transaction was €39 million (\$49 million).

On January 5, 2021, the Members Agreement was terminated in conjunction with the acquisition of Topicus.com B.V., the reorganization of Topicus Coop and the execution of the IRGA. The IRGA was established to create certain contractual obligations of the parties in respect of the governance of Topicus and Topicus Coop. As of December 31, 2024 the Joday Group’s interest in Topicus Coop comprised 38,148,221 Topicus Coop Ordinary Units resulting in an interest of 29.38% in Topicus Coop. The IRGA provides for transfer restrictions in respect of the Topicus Coop Units.

Any time after January 5, 2021, any member of the Joday Group has the right, at his or its option, to sell any number of its Topicus Coop Units to CSI at a cash price per Topicus Coop Unit determined in accordance with the IRGA. Upon the exercise of such option by a member of the Joday Group, CSI will be obligated to purchase 33.33% of such Topicus Coop Units within 30 days, and an additional 33.33% on each of the first and the second anniversary of such initial purchase with the exception of certain items which have been classified as a current liability. Notwithstanding the foregoing, CSI can offer Topicus the right to purchase such Topicus Coop Units in lieu of CSI.

In the event of a change of control of CSI, any member of the Joday Group has the right, at his or its option, to sell all of its Topicus Coop Units to CSI at a cash price per Topicus Coop Unit determined in accordance with the IRGA. Upon the exercise of such option by a member of the Joday Group, CSI will be obligated to purchase all such Topicus Coop Units. Notwithstanding the foregoing, CSI can offer Topicus the right to purchase such Topicus Coop Units in lieu of CSI.

If CSI reduces its economic interest in Topicus by a sale or transfer of its economic interest (and not due to any additional issuance of any shares or equity by Topicus) by more than one-third (calculated on a fully converted basis in accordance with the IRGA), any member of the Joday Group has the right, at his or its option, to sell to CSI one-third of its Topicus Coop Units at a cash price per Topicus Coop Unit determined in accordance with the IRGA. Upon the exercise of such put option by a member of the Joday Group, CSI will be obligated to purchase all such put Topicus Coop Units. Notwithstanding the foregoing, CSI can offer Topicus the right to purchase such Topicus Coop Units in lieu of CSI. Any member of the Joday Group has a similar right to sell one-half or all of its remaining Topicus Coop Units, respectively, at its option, if CSI further reduces its remaining fully-diluted economic interest in Topicus by a sale or transfer of its economic interest by one-half and again if CSI sells its entire remaining economic interest in Topicus.

All of the Topicus Coop Ordinary Units and Topicus Coop Preference Units held by the Joday Group and Ijssel B.V. (collectively, the “Topicus Coop Exchangeable Units”) are exchangeable, directly or indirectly, for

Topicus Subordinate Voting Shares. All of the above rights of members of the Joday Group apply to any Topicus Subordinate Voting Shares issued on an exchange of Topicus Coop Exchangeable Units.

At any time after December 31, 2023, CSI has the right, at its option, to buy all of the Topicus Coop Units and shares of Topicus held by certain members of the Joday Group (excluding Joday) at a cash price per Topicus Coop Unit (or share of Topicus, as applicable) determined in accordance with the IRGA. After December 31, 2043, CSI has the same right to buy all of the Topicus Coop Units and shares of Topicus held by the remaining members of the Joday Group, including Joday.

In addition, if certain individuals affiliated with Joday are terminated from their employment with Topicus Coop or an affiliate thereof for urgent cause (as defined in the Dutch Civil Code), CSI has the right, at its option, to buy all of Topicus Coop Units held by such individuals at a cash price per Topicus Coop Unit determined in accordance with the IRGA.

The Company has continued to classify the above obligations of CSI under the terms of the IRGA as a liability. The main valuation driver in such calculation is the maintenance and other recurring revenue of Topicus. The valuation of CSI's obligations under the IRGA is also impacted by the change in the net tangible assets of Topicus (as defined under the IRGA). As the net tangible assets increase (which is typically the result of net profits in the applicable period), the valuation of CSI's obligations under the IRGA increases. Maintenance and recurring revenue of Topicus for the trailing twelve months on a pro-forma basis determined at the end of the current reporting period was used as the basis for valuing the interests at each redemption date. Any increase or decrease in the value of such liability is recorded as an expense or income in the consolidated statements of income (loss) for the period.

The liability recorded on the balance sheet at June 30, 2025 was \$1,014 million.

Debentures

On October 1, 2014 and November 19, 2014, the Company issued unsecured subordinated debentures (the "Debentures") with a total principal value of C\$96 million for total proceeds of C\$91 million. On September 30, 2015, the Company issued an additional tranche of Debentures with a total principal value of C\$186 million for total proceeds of C\$214 million. On October 6, 2023, a total of C\$213 million principal amount of Debentures were issued at a price of C\$133.00 per C\$100.00 principal amount of Debentures purchased representing proceeds to the Company of C\$283 million which was used by the Company to pay down indebtedness under its existing credit facility. The Debentures were issued as an additional tranche of, and formed a single series with, the outstanding C\$282 aggregate principal amount of Debentures.

The total principal value of debentures outstanding at June 30, 2025 was \$363 million (C\$495 million).

Guarantees

One of CSI's subsidiaries has entered into a \$89 million (£65 million) term debt facility with a financial institution for which CSI has guaranteed the debt. The facility bears a fixed rate of interest. The term loan contains events of default that, if not remedied, allow the loan note holder to require repayment of the loan principal and interest. The loan is due in 2028.

Debt without recourse to CSI

Certain of CSI's subsidiaries have entered into term debt facilities and revolving credit facilities with various financial institutions. Except as noted above, CSI does not guarantee the debt of its subsidiaries, nor are there any cross-guarantees between subsidiaries. The credit facilities are collateralized by substantially all of the assets of the borrowing entity and its subsidiaries. The credit facilities typically bear interest at a rate calculated using an interest rate index plus a margin. The financing arrangements for each subsidiary typically contain certain restrictive covenants, which may include limitations or prohibitions on additional indebtedness, payment of cash

dividends, redemption of capital, capital spending, making of acquisitions and sales of assets. In addition, certain financial covenants must be met by those subsidiaries that have outstanding debt.

In conjunction with the acquisition of Optimal Blue, the Company entered into a promissory note agreement (“Promissory Note”) with the seller, Intercontinental Exchange, Inc. for \$500 million. The promissory note accrues interest at a rate of 7% per annum, is compounded annually and is payable in arrears. The first cash interest and principal payment under the Promissory Note is due on the day prior to the fifth anniversary and thereafter interest and principal payments will be due annually on the subsequent anniversaries of that date. The promissory note matures in 2063, subject to earlier optional prepayment.

Debt without recourse to CSI comprises the following (\$ in millions):

	Topicus Revolving Credit Facility	Debt Facilities	Promissory Note	Total
Principal outstanding at June 30, 2025 (and equal to fair value)	\$ 159	\$ 1,587	\$ 500	2,246
Deduct: Carrying value of transaction costs included in debt balance	(3)	(12)	-	(15)
Carrying value at June 30, 2025	156	1,575	500	2,231
Current portion	156	94	-	250
Non-current portion	-	1,481	500	1,981

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 \$207 million at June 30, 2025. As mentioned in the “Finance and other expense (income)” section above, on January 31, 2025, the Company purchased 8,300,029 shares in Asseco representing approximately 9.99% of the issued shares in Asseco. The Company has made an irrevocable election at the time of initial recognition to present subsequent changes in FVOCI. During the three and six months ended June 30, 2025, the Company recorded gains of \$95 million and \$216 million within other comprehensive income reduced by transaction costs of \$2 million. The investment in Asseco has been classified as a non-current asset as at June 30, 2025 within “equity securities”. As also mentioned in the “Finance and other expense (income)” section above, the Company has entered into a binding agreement in respect of the acquisition of 12,318,863 treasury shares of Asseco, which is a derivative under IFRS Accounting Standards. The fair value of this derivative recorded in our statement of financial position was \$5 million at June 30, 2025. Aside from the aforementioned, we do not have any other business arrangements, derivative financial instruments, or any equity interests in non-consolidated entities that would have a significant effect on our assets and liabilities as at June 30, 2025.

Contractual obligations at June 30, 2025 are summarized below.

(in millions of dollars)

	Total	< 1 yr	1-5 yrs	> 5 yrs
Lease obligations	469	139	275	55
Holdbacks	348	183	165	-
Liability of CSI under the terms of the IRGA/TSS Members Agreement	1,014	575	439	-
Debentures	363	-	-	363
Term Loan	89	-	89	-
CSI revolving credit facility	-	-	-	-
Senior Notes	1,000	-	500	500
Topicus revolving credit facility without recourse to Constellation Software Inc.	159	159	-	-
Promissory note	500	-	7	493
Other debt facilities without recourse to Constellation Software Inc.	1,587	51	1,404	132
Total outstanding commitments	5,529	1,106	2,879	1,543

The IRGA liability commitment assumes that the Joday Group has exercised their put option to sell 100% of their interests back to Constellation. This option however has not been exercised as at August 8, 2025. See note 8 to the Unaudited Condensed Consolidated Interim Financial Statements for the three and six month periods ended June 30, 2025 for a discussion on the valuation methodology utilized.

Financial Instruments

The carrying values of cash, accounts receivable, accounts payable, accrued liabilities, dividends payable, the majority of acquisition holdbacks, and the CSI Facility, approximates fair value due to the short-term nature of these instruments. The carrying value of the debt without recourse to CSI approximate their fair values as the debt is subject to market interest rates. The carrying value of the IRGA liability and the term loan with recourse to CSI approximates fair value.

Financial assets and financial liabilities measured at fair value as at June 30, 2025 and December 31, 2024 in the Unaudited Condensed Consolidated Interim Financial Statements for the three and six month periods ended June 30, 2025 are summarized below. The Company has no additional financial liabilities measured at fair value after initial recognition other than those recognized in connection with business combinations and the redeemable preferred securities.

	June 30, 2025				December 31, 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Equity securities	\$ 482	\$ -	\$ -	\$ 482	\$ 27	\$ -	\$ -	\$ 27
Derivatives	-	-	5	5	-	-	-	-
	482	-	5	488	27	-	-	27
Liabilities:								
Contingent consideration	-	-	207	207	-	-	174	174
	-	-	207	207	-	-	174	174

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 inputs are inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3 inputs are inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Foreign Currency Exposure

We operate internationally and have foreign currency risks related to our revenue, operating expenses, assets and liabilities denominated in currencies other than the U.S. dollar. Consequently, we believe movements in the foreign currencies in which we transact will impact future revenue and net income. The impact to organic revenue growth for the three and six months ended June 30, 2025 was approximately positive 1% and nil respectively. We cannot predict the effect of foreign exchange gains or losses in the future; however, if significant

foreign exchange losses are experienced, they could have a material adverse effect on our business, revenues, results of operations, and financial condition. The Company enters into forward foreign exchange contracts from time to time with the objective of mitigating volatility in profit or loss in respect of financial liabilities. In entering into these forward exchange contracts, the Company is exposed to the credit risk of the counterparties to such contracts and the possibility that the counterparties will default on their payment obligations under these contracts. However, given that the counterparties are Schedule 1 banks or affiliates thereof, the Company believes these risks are not material. During the six months ended June 30, 2025, the Company did not purchase any contracts of this nature.

The following table provides an approximate breakdown of our revenue and expenses by currency, expressed as a percentage of total revenue and expenses, as applicable, for the three and six months ended June 30, 2025:

Currencies	Three Months Ended June 30, 2025		Six Months Ended June 30, 2025	
	% of Revenue	% of Expenses	% of Revenue	% of Expenses
USD	51%	45%	52%	46%
EUR	20%	21%	19%	20%
GBP	8%	8%	8%	8%
CAD	5%	7%	5%	8%
AUD	4%	4%	4%	4%
BRL	2%	3%	2%	3%
CHF	1%	2%	1%	2%
SEK	1%	1%	1%	1%
Others	8%	9%	7%	9%
Total	100%	100%	100%	100%

Due to rounding, certain totals may not foot.

Off-Balance Sheet Arrangements

As a general practice, we have not entered into off-balance sheet financing arrangements. Except for insignificant and short-term operating leases 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.

Share Capital

As at August 8, 2025, there were 21,191,530 common shares outstanding.

Risks and Uncertainties

The Company's business is subject to a number of risk factors which are described in our most recently filed AIF. Additional risks and uncertainties not presently known to us or that we currently consider immaterial also may impair our business and operations and cause the price of the common shares to decline. If any of the noted risks actually occur, our business may be harmed and the financial condition and results of operations may suffer significantly. In that event, the trading price of the common shares could decline, and shareholders may lose all or part of their investment.

Controls and Procedures

Disclosure controls and procedures:

Management is responsible for establishing and maintaining disclosure controls and procedures as defined under National Instrument 52-109. The President and Chief Financial Officer have designed or caused to be designed by those under their supervision, disclosure controls and procedures which provide reasonable assurance that material information regarding the Company is accumulated and communicated to the Company's management, including its President and Chief Financial Officer in a timely manner.

Internal controls over financial reporting:

The President and Chief Financial Officer have designed or caused it to be designed under their supervision internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements. The President and Chief Financial Officer have been advised that the control framework the President and the Chief Financial Officer used to design the Company's ICFR is recognized by the Committee of Sponsoring Organizations of the Treadway Commission.

The President and the Chief Financial Officer have evaluated, or caused to be evaluated by those under their supervision, whether or not there were changes to its ICFR during the period ended June 30, 2025 that have materially affected, or are reasonably likely to materially affect the Company's ICFR. No such changes were identified through their evaluation.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluations of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, our disclosure controls and procedures and our internal controls over financial reporting are effective in providing reasonable, not absolute, assurance that the objectives of our control systems have been met.

Subsequent Events

On August 8, 2025 the Company declared a \$1.00 per share dividend that is payable on October 10, 2025 to all common shareholders of record at close of business on September 19, 2025.

On February 4, 2025, the Company entered into a binding agreement in respect of the acquisition of 12,318,863 treasury shares of Asseco. These shares represent 14.84% of Asseco's share capital and will be purchased at a price of PLN 85 per share. The completion of the acquisition of the treasury shares remains subject to obtaining relevant regulatory and antitrust approvals.

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 interim 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.

Subsequent to June 30, 2025, the Company completed or has open commitments to acquire a number of businesses for aggregate cash consideration of \$210 million on closing plus total estimated deferred payments of \$109 million for total consideration of \$320 million. The business acquisitions operate in the document management, real estate, aviation, local government, retail management and distribution, transit, telecommunications, asset management, hospitality, education, utilities, manufacturing, pharmacy, enterprise

resource planning, data collection, disability, legal, schools and automotive verticals and are all software companies similar to the existing business of the Company.