

Condensed Consolidated Interim Financial Statements  
(In euros)

## **Topicus.com Inc.**

For the three and nine months ended September 30, 2021 and 2020  
Unaudited

# 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.)

Unaudited

	September 30, 2021	December 31, 2020	September 30, 2020
<b>Assets</b>			
Current assets:			
Cash	66,634	55,635	47,171
Accounts receivable	57,091	46,644	37,275
Unbilled revenue	29,688	12,609	13,753
Inventories	654	375	454
Other assets (note 5)	25,005	14,461	14,928
	179,071	129,724	113,581
Non-current assets:			
Property and equipment	15,228	8,782	7,745
Right of use assets	52,644	50,517	45,723
Deferred income taxes	4,779	1,946	638
Other assets (note 5)	4,810	3,956	4,423
Intangible assets (note 6)	678,777	446,213	406,472
	756,239	511,415	465,001
<b>Total assets</b>	<b>935,310</b>	<b>641,139</b>	<b>578,582</b>
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities:			
Revolving credit facility and current portion of term loans (note 7 and 8)	40,092	19,482	-
Redeemable preferred securities (note 9)	66,614	-	-
Accounts payable and accrued liabilities	104,637	97,386	74,197
Deferred revenue	106,082	59,721	82,213
Provisions (note 10)	2,216	1,222	1,032
Acquisition holdback payables	5,811	12,601	8,385
Lease obligations	15,798	13,953	12,329
Income taxes payable (note 11)	11,850	12,576	7,637
	353,100	216,941	185,793
Non-current liabilities:			
Term loans (note 8)	95,961	32,572	32,794
Deferred income taxes	125,654	79,958	68,952
Acquisition holdback payables	485	608	-
Lease obligations	37,624	37,154	32,569
Other liabilities (note 5)	11,855	9,225	5,690
	271,579	159,518	140,005
<b>Total liabilities</b>	<b>624,679</b>	<b>376,459</b>	<b>325,798</b>
Shareholders' Equity:			
Preferred shares (note 9)	2,047,473	-	-
Capital stock (note 12)	39,412	39,412	39,412
Other equity	(999,460)	-	-
Accumulated other comprehensive income (loss)	(834)	(1,409)	(766)
Retained earnings (deficit)	(1,794,229)	138,572	129,992
Non-controlling interests (note 19)	1,018,267	88,106	84,146
	310,631	264,680	252,784
Subsequent events (note 20)			
<b>Total liabilities and shareholders' equity</b>	<b>935,310</b>	<b>641,139</b>	<b>578,582</b>

See accompanying notes to the condensed consolidated interim financial statements.

# 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 nine months ended September 30 2021 and 2020

Unaudited

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Revenue				
License	4,638	3,794	15,777	9,528
Professional services	45,241	28,226	141,446	84,191
Hardware and other	1,143	1,397	3,986	3,804
Maintenance and other recurring	126,105	87,788	373,753	259,057
	177,126	121,205	534,961	356,580
Expenses				
Staff	95,908	59,983	291,452	183,137
Hardware	738	1,058	2,030	2,287
Third party license, maintenance and professional services	17,311	11,243	53,100	32,626
Occupancy	1,260	870	4,075	2,637
Travel, telecommunications, supplies, software and equipment	4,717	3,003	13,670	9,939
Professional fees	3,394	2,438	8,361	6,203
Other, net	1,389	449	5,032	2,943
Depreciation	6,354	4,365	18,385	12,750
Amortization of intangible assets (note 6)	21,026	12,472	62,054	36,567
	152,095	95,880	458,159	289,089
Redeemable preferred securities expense (income) (note 9)	-	-	2,302,185	-
Impairment of intangible and other non-financial assets (note 6)	-	-	1,600	-
Finance and other expenses (income) (note 13)	2,161	1,402	8,069	4,693
	2,161	1,402	2,311,854	4,693
Income (loss) before income taxes	22,870	23,922	(2,235,051)	62,798
Current income tax expense (recovery)	9,552	7,318	28,464	20,583
Deferred income tax expense (recovery)	(4,778)	(2,657)	(14,260)	(8,608)
Income tax expense (recovery)	4,773	4,661	14,205	11,976
Net income (loss)	18,097	19,262	(2,249,256)	50,823
Net income (loss) attributable to:				
Equity holders of Topicus (note 19)	7,422	12,850	(1,896,100)	33,905
Non-controlling interests (note 19)	10,675	6,412	(353,156)	16,918
Net income (loss)	18,097	19,262	(2,249,256)	50,823
Weighted average shares (note 14)				
Basic shares outstanding	79,282,821	39,412,386	57,851,780	39,412,386
Diluted shares outstanding	129,841,819	118,156,055	129,627,794	118,156,055
Earnings (loss) per common share of Topicus (note 14)				
Basic	0.09	0.33	(32.78)	0.86
Diluted	0.09	0.16	(32.78)	0.43

See accompanying notes to the condensed consolidated interim financial statements.

## 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 nine months ended September 30 2021 and 2020

Unaudited

	Three months ended September 30, 2021	September 30, 2020	Nine months ended September 30, 2021	September 30, 2020
Net income (loss)	18,097	19,262	(2,249,256)	50,823
Items that are or may be reclassified subsequently to net income (loss):				
Foreign currency translation differences from foreign operations and other	(731)	(127)	523	(433)
Other comprehensive (loss) income for the period, net of income tax	(731)	(127)	523	(433)
Total comprehensive income (loss) for the period	17,366	19,135	(2,248,733)	50,389
Total other comprehensive income (loss) attributable to:				
Equity holders of Topicus	(453)	(85)	357	(289)
Non-controlling interests	(278)	(42)	166	(144)
Total other comprehensive income (loss)	(731)	(127)	523	(433)
Total comprehensive income (loss) attributable to:				
Equity holders of Topicus	6,969	12,765	(1,895,743)	33,616
Non-controlling interests	10,398	6,369	(352,990)	16,774
Total comprehensive income (loss)	17,366	19,135	(2,248,733)	50,389

See accompanying notes to the condensed consolidated interim financial statements.

## Topicus.com Inc.

Condensed Consolidated Interim Statement of Changes in Shareholders' Equity (Deficiency)  
(In thousands of euros, except per share amounts. Due to rounding, numbers presented may not foot.)

Unaudited

Nine months ended September 30, 2021

	Attributable to equity holders of Topicus					Total	Non-controlling interests	Total equity
	Preferred Shares	Capital Stock	Other equity	Accumulated other comprehensive (loss) income	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)	-	-	-	-	(1,896,100)	(1,896,100)	(353,156)	(2,249,256)
<i>Other comprehensive income (loss)</i>								
Foreign currency translation differences from foreign operations and other	-	-	-	357	-	357	166	523
<b>Total other comprehensive income (loss) for the period</b>	-	-	-	357	-	357	166	523
<b>Total comprehensive income (loss) for the period</b>	-	-	-	357	(1,896,100)	(1,895,743)	(352,990)	(2,248,733)
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	-	-	-	92	(276)	(184)	2,508	2,324
Issuance of Redeemable preferred securities	-	-	(1,001,469)	-	-	(1,001,469)	(124,797)	(1,126,267)
Dividends to common shareholders of the Company (note 12)	-	-	-	-	(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 September 30, 2021</b>	<b>2,047,473</b>	<b>39,412</b>	<b>(999,460)</b>	<b>(834)</b>	<b>(1,794,229)</b>	<b>(707,637)</b>	<b>1,018,267</b>	<b>310,631</b>

See accompanying notes to the condensed consolidated interim financial statements.

**Topicus.com Inc.**

Condensed Consolidated Interim Statement of Changes in Shareholders' Equity (Deficiency)  
(In thousands of euros, except per share amounts. Due to rounding, numbers presented may not foot.)

Unaudited  
Nine months ended September 30, 2020

	Attributable to equity holders of Topicus					Total	Non-controlling interests	Total equity
	Preferred Shares	Capital Stock	Other equity	Accumulated other comprehensive (loss) income	Retained earnings (deficit)			
<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)	-	-	-	-	33,905	33,905	16,918	50,823
<i>Other comprehensive income (loss)</i>								
Foreign currency translation differences from foreign operations and other	-	-	-	(289)	-	(289)	(144)	(433)
<b>Total other comprehensive income (loss) for the period</b>	-	-	-	(289)	-	(289)	(144)	(433)
<b>Total comprehensive income (loss) for the period</b>	-	-	-	(289)	33,905	33,616	16,774	50,389
<b>Balance at September 30, 2020</b>	-	39,412	-	(766)	129,992	168,638	84,146	252,784

See accompanying notes to the condensed consolidated interim financial statements.

## 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 nine months ended September 30 2021 and 2020

Unaudited

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
<b>Cash flows from (used in) operating activities:</b>				
Net income (loss)	18,097	19,262	(2,249,256)	50,823
Adjustments for:				
Depreciation	6,354	4,365	18,385	12,750
Amortization of intangible assets	21,026	12,472	62,054	36,567
Redeemable preferred securities expense (income) (note 9)	-	-	2,302,185	-
Impairment of intangible and other non-financial assets (note 6)	-	-	1,600	-
Finance and other expenses (income)	2,161	1,402	8,069	4,693
Income tax expense (recovery)	4,773	4,661	14,205	11,976
Change in non-cash operating assets and liabilities exclusive of effects of business combinations (note 17)	(36,687)	(34,252)	4,760	20,643
Income taxes (paid) received	(7,231)	1,633	(28,341)	(15,842)
Net cash flows from (used in) operating activities	8,493	9,542	133,660	121,609
<b>Cash flows from (used in) financing activities:</b>				
Interest paid on lease obligations	(275)	(227)	(874)	(657)
Interest paid on other facilities	(3,319)	(1,633)	(5,861)	(3,456)
Increase (decrease) in revolving credit facility	10,000	-	20,000	(50,000)
Proceeds from issuance of term loans	-	-	65,907	-
Repayments of term loans	(411)	-	(411)	-
Credit facility transaction costs	-	-	(2,397)	-
Payments of lease obligations	(4,438)	(3,256)	(12,946)	(9,507)
Repayment of unitholder loans	-	-	-	(647)
Dividends paid	-	-	(54,600)	-
Net cash flows from (used in) in financing activities	1,557	(5,115)	8,818	(64,266)
<b>Cash flows from (used in) investing activities:</b>				
Acquisition of businesses (note 4)	(13,261)	(19,711)	(164,999)	(46,338)
Cash obtained with acquired businesses (note 4)	5,240	7,446	19,486	14,178
Post-acquisition settlement payments, net of receipts	(366)	(237)	(11,373)	(5,100)
Receipt of additional subscription amount from the sellers of Topicus.com B.V. (note 4)	-	-	27,589	-
Interest, dividends and other proceeds received	1,010	378	1,010	870
Property and equipment purchased	(1,258)	(518)	(3,191)	(1,818)
Net cash flows from (used in) investing activities	(8,634)	(12,642)	(131,479)	(38,207)
Effect of foreign currency on cash and cash equivalents	(0)	0	(0)	0
Increase (decrease) in cash	1,415	(8,215)	10,999	19,135
Cash, beginning of period	65,218	55,385	55,635	28,036
Cash, end of period	66,634	47,171	66,634	47,171

See accompanying notes to the condensed consolidated interim financial statements.

# TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements

(In thousands of euros, except per share amounts and as otherwise indicated)

(Due to rounding, numbers presented may not foot)

Three and nine months ended September 30, 2021 and 2020

(Unaudited)

## Notes to the condensed consolidated interim financial statements

- |   |  |
|---|--|
| 1. Reporting entity                               | 11. Income taxes   |
| 2. Basis of presentation                          | 12. Shareholders' equity                                 |
| 3. Significant accounting policies                | 13. Finance and other expense (income)                   |
| 4. Business acquisitions                          | 14. Earnings (loss) per share                            |
| 5. Other assets and other non-current liabilities | 15. Financial instruments                                |
| 6. Intangible assets                              | 16. Contingencies  |
| 7. Revolving credit facility                      | 17. Changes in non-cash operating assets and liabilities |
| 8. Term loans                                     | 18. Related parties                                      |
| 9. Redeemable preferred securities                | 19. Non-controlling interests                            |
| 10. Provisions                                    | 20. Subsequent events                                    |

# TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements

(In thousands of euros, except per share amounts and as otherwise indicated)

(Due to rounding, numbers presented may not foot)

Three and nine months ended September 30, 2021 and 2020

(Unaudited)

## 1. Reporting entity

Topicus.com Inc. ("Topicus" or "the Company") was incorporated pursuant to the Business Corporations Act (Ontario) on September 10, 2020. The address of its registered office is 20 Adelaide Street East, Toronto, Ontario, Canada.

On January 4, 2021, Topicus completed a corporate reorganization (the "Combination") pursuant to which it acquired a controlling interest in Topicus.com Coöperatief U.A. ("Topicus Coop") (formerly named Constellation Software Netherlands Holding Coöperatief U.A. ("CSNH")). Topicus Coop is an entity incorporated and domiciled in the Netherlands and, prior to the Combination, was controlled by Constellation Software Inc. ("CSI"), Topicus' parent company and controlling shareholder. The Combination was completed between entities under common control and Topicus has recorded the Combination at carrying value of the net assets recorded in the financial statements of Topicus Coop. Topicus has amended its comparative financial information to reflect the Combination as if it had occurred before the start of the earliest period presented.

In conjunction with the Combination, Topicus issued 1 super voting share (the "Super Voting Share"), 39,412,385 preferred shares (the "Preferred Shares") and 39,412,385 subordinate voting shares (the "Subordinate Voting Shares") to CSI. CSI then distributed 39,412,367 Subordinate Voting Shares of Topicus to its shareholders pursuant to a dividend-in-kind previously declared. In addition, Topicus Coop issued 19,665,642 preference units ("Topicus Coop Preference Units") and 19,665,642 ordinary units ("Topicus Coop Ordinary Units") to Joday Investments II B.V. and certain individual investors affiliated therewith (being the previous minority owners of CSNH) (collectively known as the "Joday Group"). Topicus has reflected this capital reorganization as if it had occurred on the starting date of the earliest period presented for purposes of Topicus' basic and diluted earnings per share calculation.

The condensed consolidated interim financial statements of Topicus as at and for the periods ended September 30, 2021 and September 30, 2020 comprise Topicus, Topicus Coop and its subsidiaries (together referred to as the "Company") and the Company's interest in associates. Topicus' principal subsidiary is Topicus Coop and Topicus has a common equity interest of 61.41% in Topicus Coop with 38.59% being owned by the non-controlling interests.

The Company is engaged principally in the development, installation and customization of software and the provision of related professional services and support for customers across over 20 diverse markets primarily in Europe.

## 2. Basis of presentation

### (a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies disclosed in Note 3 of the CSNH 2020 annual consolidated financial statements, available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com), except as disclosed herein.

The policies applied in these condensed consolidated interim financial statements are based on International Financial Reporting Standards (IFRS), issued and outstanding as of November 3, 2021, the date the board of directors approved the condensed consolidated interim financial statements.

# TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements

(In thousands of euros, except per share amounts and as otherwise indicated)

(Due to rounding, numbers presented may not foot)

Three and nine months ended September 30, 2021 and 2020

(Unaudited)

These condensed consolidated interim financial statements should be read in conjunction with the Company's 2020 annual consolidated financial statements and the 2020 annual consolidated financial statements of CSNH (together, referred to as the "2020 annual consolidated financial statements").

## **(b) Basis of measurement**

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain assets and liabilities initially recognized in connection with business combinations, derivative financial instruments and contingent consideration related to business acquisitions, which are measured at their estimated fair value.

## **(c) Functional and presentation of currency**

The consolidated financial statements are presented in euro, which is Topicus' functional currency.

## **(d) Use of estimates and judgements**

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses, consistent with those disclosed in the 2020 annual consolidated financial statements and described in these condensed consolidated interim financial statements. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and other assumptions that are considered reasonable in the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded, with corresponding effect in profit or loss, when, and if, better information is obtained.

The Company is closely monitoring the impact of COVID-19 on all aspects of its business. COVID-19 was declared a global pandemic by the World Health Organization on March 11, 2020. The COVID-19 pandemic has adversely impacted many of the Company's business units' operations to date. The future impacts of the pandemic and any resulting economic impact are largely unknown and rapidly evolving. It is possible that the COVID-19 pandemic, the measures taken by the governments of countries affected and the resulting economic impact may continue to adversely affect the Company's results of operations, cash flows and financial position as well as its customers in future periods.

## **3. Significant accounting policies**

The significant accounting policies used in preparing these condensed consolidated interim financial statements are unchanged from those disclosed in the 2020 annual consolidated financial statements and have been applied consistently to all periods presented in these condensed consolidated interim financial statements.

The accounting policies have been applied consistently by the Company's subsidiaries.

# TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements

(In thousands of euros, except per share amounts and as otherwise indicated)

(Due to rounding, numbers presented may not foot)

Three and nine months ended September 30, 2021 and 2020

(Unaudited)

## 4. Business acquisitions

(a) On January 5, 2021, the Company acquired 100% of the shares of Topicus.com B.V. from Ijssel B.V. (“Ijssel”). The Company paid cash of EUR 133,600 to Ijssel. Furthermore, the Company issued 5,842,882 Topicus Coop Preference Units to Ijssel for an initial subscription price of EUR 83,800 plus an additional subscription amount of EUR 27,589 which was paid by Ijssel to the Company in May 2021. The Company also issued 5,842,882 Topicus Coop Ordinary Units to Ijssel. The aggregate total consideration totalled EUR 217,400.

Topicus.com B.V. is a Netherlands-based diversified vertical market software provider and primarily operates in the healthcare, finance, education, and social services markets and is a software business similar to existing businesses operated by the Company. The acquisition has been accounted for using the acquisition method with the results of operations included in these condensed consolidated interim financial statements from the date of the acquisition.

The goodwill recognized in connection with this acquisition is primarily attributable to the application of the Company’s best practices to improve the operations of Topicus.com B.V., synergies with existing businesses of the Company, and other intangible assets that do not qualify for separate recognition including assembled workforce. The goodwill is not expected to be deductible for income tax purposes.

The gross contractual amounts of acquired receivables was EUR 6,735; however, the Company has recorded an allowance of EUR 382 as part of the acquisition accounting to reflect contractual cash flows that are not expected to be collected.

Due to the complexity and timing of the acquisition, the Company is in the process of determining and finalizing the estimated fair value of the net assets acquired as part of the acquisition. The amounts determined on a provisional basis generally relate to net asset assessments and measurement of the assumed liabilities. The provisional purchase price allocations may differ from the final purchase price allocations, and these differences may be material. Revisions to the allocations will occur as additional information about the fair value of assets and liabilities becomes available.

The impact of acquisition accounting applied on a provisional basis in connection with the acquisition of Topicus.com B.V. is as follows:

# TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements  
(In thousands of euros, except per share amounts and as otherwise indicated)  
(Due to rounding, numbers presented may not foot)  
Three and nine months ended September 30, 2021 and 2020  
(Unaudited)

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Assets acquired:	
Cash	11,551
Accounts receivable	6,353
Other current assets	10,218
Property and equipment	6,400
Other non-current assets	11,384
Deferred income taxes	2,752
Trademarks	19,400
Technology assets	102,100
Customer assets	87,600
	<hr/>
	257,757
Liabilities assumed:	
Current liabilities	18,268
Deferred revenue	5,224
Deferred income taxes	52,275
Other non-current liabilities	9,675
	<hr/>
	85,442
Non-controlling interest	2,300
Goodwill	47,384
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<b>Total consideration</b>	<b>217,400</b>

The acquisition of Topicus.com B.V. contributed revenue of EUR 101,852 and a net loss of EUR 1,709 during the nine months ended September 30, 2021. If this acquisition had occurred on January 1, 2021, the Company estimates that pro-forma consolidated revenue and pro-forma consolidated net income (loss) would not have been materially different as compared to the actual amounts reported in the consolidated statement of income (loss) for the actual period.

(b) During the nine-month period ended September 30, 2021, the Company completed additional acquisitions for aggregate cash consideration of EUR 31,399 plus cash holdbacks of EUR 3,186 and contingent consideration with an estimated acquisition date fair value of EUR 2,160 resulting in total consideration of EUR 36,745. The obligation for contingent consideration for acquisitions during the nine months ended September 30, 2021 has been recorded at its estimated fair value at the various acquisition dates. The estimated fair value of the applicable contingent consideration is calculated using the estimated financial outcome and resulting expected contingent consideration to be paid and inclusion of a discount rate as appropriate. For these arrangements, the estimated increase to the initial consideration is not expected to exceed EUR 1,860. Aggregate contingent consideration of EUR 5,108 (December 31, 2020 – EUR 3,641) has been reported in the condensed consolidated interim statement of financial

# TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements

(In thousands of euros, except per share amounts and as otherwise indicated)

(Due to rounding, numbers presented may not foot)

Three and nine months ended September 30, 2021 and 2020

(Unaudited)

position at its estimated fair value relating to applicable acquisitions completed in the current and prior periods. Changes made to the estimated fair value of contingent consideration are included in "Other, net" in the condensed consolidated interim statements of income. A recovery of EUR 349 and a recovery of EUR 494 has been recorded for the three and nine months ended September 30, 2021, as a result of such changes (recovery of EUR 42 and a recovery of EUR 228 for the three and nine months ended September 30, 2020).

None of the additional acquisitions completed during the nine-month period ended September 30, 2021 were deemed to be individually significant. All of the businesses acquired during the period were acquisitions of shares. The cash holdbacks are generally payable within a two-year period and are adjusted, as necessary, for such items as working capital or net tangible asset assessments, as defined in the purchase and sale agreements, and claims under the respective representations and warranties of the purchase and sale agreements.

The acquisitions during the nine-month period ended September 30, 2021 include software companies catering to the following markets: healthcare, church and religion, public libraries, publishing, elevator, local government, call centres and education, all of which are software businesses similar to existing businesses operated by the Company. The acquisitions have been accounted for using the acquisition method with the results of operations included in these consolidated financial statements from the date of each acquisition.

The goodwill recognized in connection with these acquisitions is primarily attributable to the application of the Company's best practices to improve the operations of the companies acquired, other intangible assets that do not qualify for separate recognition including assembled workforce, and synergies with existing businesses of the Company. The goodwill is not expected to be deductible for income tax purposes.

The gross contractual amounts of acquired receivables was EUR 5,873; however, the Company has recorded an allowance of EUR 688 as part of the acquisition accounting to reflect contractual cash flows that are not expected to be collected.

Due to the complexity and timing of certain acquisitions made, the Company is in the process of determining and finalizing the estimated fair value of the net assets acquired as part of the acquisitions closed during the last quarter of 2020 and first three quarters of 2021. The amounts determined on a provisional basis generally relate to net asset assessments and measurement of the assumed liabilities, including acquired contract liabilities. The provisional purchase price allocations may differ from the final purchase price allocations, and these differences may be material. Revisions to the allocations will occur as additional information about the fair value of assets and liabilities becomes available. The cash consideration associated with these provisional estimates totals EUR 70,432 (excluding the acquisition of Topicus.com B.V.). During the nine-month period ended September 30, 2021, the Company made changes to provisional estimates of prior period preliminary purchase price allocations. The significant changes include an increase to definite life intangible assets of EUR 5,672 and a decrease to goodwill of EUR 4,538. The impact of these provisional changes to the purchase price allocation did not have a significant impact on the Condensed Consolidated Interim Statements of Income (Loss).

The aggregate impact of acquisition accounting applied in connection with the additional business acquisitions in the nine-month period ended September 30, 2021 is as follows:

# TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements  
(In thousands of euros, except per share amounts and as otherwise indicated)  
(Due to rounding, numbers presented may not foot)  
Three and nine months ended September 30, 2021 and 2020  
(Unaudited)

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Assets acquired:	
Cash	7,935
Accounts receivable	5,185
Other current assets	2,993
Property and equipment	2,087
Other non-current assets	2,229
Deferred income taxes	688
Technology assets	12,028
Customer assets	24,173
	<hr/>
	57,317
Liabilities assumed:	
Current liabilities	7,394
Deferred revenue	4,889
Deferred income taxes	7,425
Other non-current liabilities	818
	<hr/>
	20,526
Non-controlling interest	1,994
Goodwill	1,948
	<hr/>
<b>Total consideration</b>	<b>36,745</b>

The 2021 additional business acquisitions did not have a material impact to either the consolidated revenue or the consolidated net income (loss) for the nine months ended September 30, 2021. The materiality threshold is reviewed on a regular basis taking into account the quantitative (contribution to revenue and net income) and qualitative (size and comparability with other Topicus businesses) factors of current period additional acquisitions on both an individual and aggregate basis.

# TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements

(In thousands of euros, except per share amounts and as otherwise indicated)

(Due to rounding, numbers presented may not foot)

Three and nine months ended September 30, 2021 and 2020

(Unaudited)

## 5. Other assets and other non-current liabilities

### (a) Other assets

	September 30, 2021	December 31, 2020
Prepaid expenses and other current assets	22,095	11,891
Sales tax receivable	1,220	624
Equity securities held for trading	7	2
Other receivables	1,683	1,943
Total other current assets	25,005	14,461
Costs to obtain a contract	150	231
Non-current trade and other receivables and other assets	4,101	3,623
Equity accounted investees	559	103
Total other non-current assets	4,810	3,956

### (b) Other non-current liabilities

	September 30, 2021	December 31, 2020
Contingent consideration	4,288	3,430
Deferred revenue	1,051	919
Other non-current liabilities	6,517	4,876
Total other non-current liabilities	11,855	9,225

# TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements

(In thousands of euros, except per share amounts and as otherwise indicated)

(Due to rounding, numbers presented may not foot)

Three and nine months ended September 30, 2021 and 2020

(Unaudited)

## 6. Intangible Assets

	Technology Assets	Customer Assets	Trademarks	Goodwill	Total
<b>Cost</b>					
Balance at January 1, 2020	230,297	271,541	6,300	107,482	615,620
Acquisitions through business combinations	36,908	38,503	-	26,972	102,383
Effect of movements in foreign exchange and other	112	302	0	15	428
Balance at December 31, 2020	267,317	310,346	6,300	134,469	718,432
Balance at January 1, 2021	267,317	310,346	6,300	134,469	718,432
Acquisitions through business combinations	114,128	117,446	19,400	44,958	295,932
Effect of movements in foreign exchange and other	185	(215)	(1)	316	285
Balance at September 30, 2021	381,630	427,577	25,699	179,743	1,014,649
<b>Accumulated amortization and impairment losses</b>					
Balance at January 1, 2020	143,777	76,170	1,890	-	221,838
Amortization for the period	26,227	23,839	315	-	50,381
Balance at December 31, 2020	170,004	100,010	2,205	-	272,218
Balance at January 1, 2021	170,004	100,010	2,205	-	272,218
Amortization for the period	33,315	27,776	963	-	62,054
Impairment charge	507	1,075	-	18	1,600
Balance at September 30, 2021	203,826	128,861	3,168	18	335,872
<b>Carrying amounts</b>					
At January 1, 2020	86,520	195,371	4,410	107,482	393,783
At December 31, 2020	97,313	210,336	4,095	134,469	446,213
At January 1, 2021	97,313	210,336	4,095	134,469	446,213
At September 30, 2021	177,804	298,717	22,531	179,725	678,777

# TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements

(In thousands of euros, except per share amounts and as otherwise indicated)

(Due to rounding, numbers presented may not foot)

Three and nine months ended September 30, 2021 and 2020

(Unaudited)

## 7. Revolving Credit Facility

On July 7, 2017, Topicus Coop entered into a credit facility (the “Revolving Credit Facility”) with a number of European financial institutions. Under this credit facility, the Company will be able to borrow up to EUR 300,000 under a multicurrency revolving loan facility and up to EUR 50,000 under an additional uncommitted term loan facility. The Revolving Credit Facility has a term until July 7, 2024. The Revolving Credit Facility bears interest at a rate calculated at EURIBOR plus interest rate spreads based on a leverage table. The Revolving Credit Facility is collateralized by substantially all the assets owned by the Company and its subsidiaries, except for the entities securing amounts outstanding under the Term Loans (note 8). The Revolving Credit Facility contains standard events of default which, if not remedied within a cure period, would trigger the repayment of any outstanding balance. As of September 30, 2021, EUR 40,000 (December 31, 2020 – EUR 20,000) had been drawn from this credit facility. Transaction costs associated with the Revolving Credit Facility have been included as part of the carrying amount of the liability and are being amortized through profit or loss using the effective interest rate method. The carrying value of the debt amounts to EUR 39,735 (December 31, 2020 – EUR 19,482) and has been classified as a short-term liability in the consolidated statement of financial position. The Company’s intent is to repay the outstanding balance of the revolving credit facility within the next 12 months. As at September 30, 2021, the carrying amount of costs relating to this Revolving Credit Facility totaled EUR 265 (December 31, 2020 – EUR 518).

## 8. Term Loans

Certain of the Company’s subsidiaries have entered into term debt facilities (“Term Loans”) with various financial institutions. Topicus does not guarantee the debt of these 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.

The term loans comprise the following:

	<b>Term Debt Facilities</b>
Principal outstanding at September 30, 2021 (and equal to fair value)	99,813
Deduct: Carrying value of transaction costs included in debt balance	(3,494)
Carrying value at September 30, 2021	96,319
Current portion	358
Non-current portion	95,961

The annual minimum repayment requirements for the Term Loans are as follows:

# TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements

(In thousands of euros, except per share amounts and as otherwise indicated)

(Due to rounding, numbers presented may not foot)

Three and nine months ended September 30, 2021 and 2020

(Unaudited)

<u>Year</u>	<u>Term Debt Facilities</u>
2021	7
2022	358
2023	1,018
2024	1,018
2025	34,574
2026	1,018
2027	1,108
2028	60,661
2029	-
2030	50
	<hr/>
	99,813

## 9. Redeemable preferred securities

### Preferred Shares of Topicus:

On January 4, 2021, the Company completed the Combination (see note 1). In connection with the Combination, the Company issued 39,412,385 Preferred Shares to CSI. The Preferred Shares are non-voting, and under certain conditions, prior to the Notification of Conversion (as defined below), were redeemable at the option of the holder for a redemption price of approximately EUR 19.06 per share. The redemption price could either be settled in cash or through the issuance of Subordinate Voting Shares of equal value, or any combination thereof. The Preferred Shares are also convertible into Subordinate Voting Shares at a conversion ratio of 1:1. The Preferred Share holders will also be entitled to a fixed annual cumulative dividend of 5% per annum on the initial Preferred Share value of approximately EUR 19.06 per share.

The fair value of the Preferred Shares on the date of issuance was EUR 751,359 and was recorded as a liability. The Company determined that the conversion option associated with the redeemable preferred shares does not result in a fixed amount of cash being exchanged for a fixed amount of shares (i.e. the conversion option does not meet the “fixed for fixed” requirement). As a result, the Preferred Shares were recorded at fair value at the end of each reporting period until the Notification of Conversion. The change in fair value of the Preferred Shares was recorded as redeemable preferred securities expense (income) in the condensed consolidated interim statements of income (loss) up to the date of the Notification of Conversion.

During the three months ended June 30, 2021, the Preferred Shares reached the Mandatory Conversion Moment (see below). As a result of reaching the Mandatory Conversion Moment, the Preferred Share holders notified Topicus that they were electing to convert their Preferred Shares into Subordinate Voting Shares, which conversion would become effective on February 1, 2022 (“Notification of Conversion”). On the date that the Company received the Notification of Conversion from the Preferred Share holders, the Preferred Shares were re-classified from a liability to equity because the Preferred Shares were no longer redeemable for cash or through the issuance of Subordinate Voting Shares of equal value, or any combination thereof. Following receipt of the Notification of Conversion, the holders of the Preferred Shares are required to convert their Preferred Shares to Subordinate Voting Shares on February 1, 2022, however, they may choose to convert prior to February 1, 2022 pursuant to the Preferred Share Conversion Right (as defined below). On the Notification of Conversion date, the Company

# TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements  
(In thousands of euros, except per share amounts and as otherwise indicated)  
(Due to rounding, numbers presented may not foot)  
Three and nine months ended September 30, 2021 and 2020  
(Unaudited)

accrued the expected dividend to be paid relating to the period from the Notification of Conversion date to the expected conversion date of February 1, 2022. The dividend to be paid relating to this period has been recorded directly in Preferred Shares.

Further descriptions of the original significant terms and conditions of the Preferred Shares are described below. The original terms and conditions of the Preferred Shares should be read in conjunction with the terms and conditions of the Topicus Coop Preference Units as outlined below.

## *Conversion*

Holders of the Preferred Shares are entitled to convert some or all of their Preferred Shares into Subordinate Voting Shares on a one-for-one basis at any time (the "Preferred Share Conversion Right").

Upon the exercise of the Preferred Share Conversion Right, the holders of the Preferred Shares will be entitled to receive all accrued but unpaid dividends accruing on the Preferred Shares to the day before the conversion date. Pursuant to the terms of the Investor Rights and Governance Agreement entered into by CSI, the Joday Group, Ijssel, Topicus and Topicus Coop (the "IRGA"), the board of directors of the Company will make a determination as to whether the Company has sufficient cash on hand to satisfy the payment of any accrued but unpaid dividends on the Preferred Shares in cash. If the board of directors of the Company determines that the Company does not have sufficient cash on hand, the accrued but unpaid dividends will, subject to TSX Venture Exchange ("TSXV") approval, be satisfied by the issuance of Subordinate Voting Shares of equal value.

## *Redemption at the Option of the Holder*

Prior to the Notification of Conversion, pursuant to the terms of the IRGA, upon either the exercise by the Company of the Company Call Right (as defined below), or the exercise of the Preferred Share Retraction Right (as defined below), the holders of the Preferred Shares were, subject to the terms of the IRGA, entitled to receive an amount of cash equal to approximately EUR 19.06 per share, or Subordinate Voting Shares of equal value, or any combination thereof, in each case at the option of the holder of the Preferred Shares (the "Preferred Share Call Price Right"). Notwithstanding the foregoing, if the board of directors of the Company determined that the Company did not have sufficient cash on hand to make the payment in cash, CSI would have, subject to TSXV approval, received Subordinate Voting Shares of equal value. Subsequent to the Notification of Conversion, the Preferred Shares are no longer redeemable.

## *Preferred Share Retraction Right*

Prior to the Notification of Conversion, the "Preferred Share Retraction Right" provided that (i) at any time until July 5, 2021, the holders of the Preferred Shares would have had the right (but not the obligation) to sell all of their Preferred Shares to the Company and exercise the Preferred Share Call Price Right (in which case, pursuant to the terms of the IRGA, the holders of the Topicus Coop Preference Units would have been entitled to sell all of their Topicus Coop Preference Units to Topicus Coop and exercise the Topicus Coop Preference Unit Call Price Right as outlined below), and (ii) at any time after July 5, 2021, holders representing 95% of the Preferred Shares and the Topicus Coop Preference Units (together, the "Preferred Securities"), excluding any Topicus Coop Preference Units held by the Company, would have had the right (but not the obligation) to entitle the holders of the Preferred Shares to sell all of their Preferred Shares to the Company and to exercise the Preferred Share Call Price Right. Upon the exercise of the Preferred Share Retraction Right, the holders of the Preferred Shares would also have been entitled to receive all accrued but unpaid dividends accruing to the day before the redemption date. These

# TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements  
(In thousands of euros, except per share amounts and as otherwise indicated)  
(Due to rounding, numbers presented may not foot)  
Three and nine months ended September 30, 2021 and 2020  
(Unaudited)

accrued but unpaid dividends would have been satisfied by the payment of cash. Subsequent to the Notification of Conversion, the Preferred Shares are no longer retractable.

## *Preferred Share Put Right*

Prior to the Notification of Conversion, subject to the terms of the IRGA, the holders of the Preferred Shares would have been entitled to require the Company to repurchase some or all of their Preferred Shares (the "Preferred Share Put Right"). Upon the exercise of the Preferred Share Put Right, the holders of the Preferred Shares would have been entitled to receive an amount of cash equal to approximately EUR 19.06 per share. Subsequent to the Notification of Conversion, the Company cannot repurchase some or all of the Preferred Shares.

Prior to the Notification of Conversion, pursuant to the terms of the IRGA, the Preferred Share Put Right could be exercised at any time on or after February 1, 2024, but if the Preferred Share Put Right was exercised prior to February 1, 2026, it could only be exercisable if at such time the board of directors of the Company determined that the Company had sufficient cash on hand to satisfy the payment of approximately EUR 19.06 per share in cash. If the board of directors of the Company determined that it did not have sufficient cash on hand, the holders of the Preferred Shares would not be permitted to exercise the Preferred Share Put Right. Subsequent to the Notification of Conversion, the Company cannot repurchase some or all of the Preferred Shares.

Prior to the Notification of Conversion, if the Preferred Share Put Right was exercised after February 1, 2026, then regardless of whether the Company had sufficient cash on hand at that time, the holders of the Preferred Shares would have been entitled to receive an amount of cash equal to approximately EUR 19.06 per share and, subject to the terms below, upon the exercise of the Preferred Share Put Right by a holder, the Company must notify each other holder of Preferred Shares of such exercise, and invite (but not oblige) such other holders to also exercise their Preferred Share Put Right, upon 30 days' notice to the Company. During that 30 day notice period, the Company would determine whether or not it had sufficient cash on hand to satisfy the payment in cash, and if it did not, the Company would have had the option to exercise the Company Call Right, in which case the Preferred Share Put Right would not be exercised in respect of any of the Preferred Shares. Upon the exercise of the Preferred Share Put Right, the holders of the Preferred Shares would also have been entitled to receive all accrued but unpaid dividends accruing to the day before the redemption date. These accrued but unpaid dividends would have been satisfied by the payment of cash. Subsequent to the Notification of Conversion, the Company cannot repurchase some or all of the Preferred Shares.

## *Redemption at the Option of the Company*

Subject to the terms of the IRGA, if the Subordinate Voting Shares achieve a volume weighted average share price that is equal to or greater than the Canadian dollar equivalent of 125% of the initial Preferred Share value of approximately EUR 19.06 per share (being the Canadian dollar equivalent of approximately EUR 23.83) (the "Premium Target Price") determined on the basis of the 60-day volume weighted average trading price of the Subordinate Voting Shares for any 60-day trading period (the "Mandatory Conversion Moment"), and the holders of the Preferred Shares have not exercised the Preferred Share Conversion Right within 30 days after notice has been given to them that the Premium Target Price has been achieved, the Company will redeem the Preferred Shares in exchange for a cash payment to the holders of the Preferred Shares of approximately EUR 19.06 per share (the "Company Mandatory Conversion Moment Call Right"). During the three months ended June 30, 2021, the Mandatory Conversion Moment was reached and the holders of the Preferred Shares elected to convert their Preferred Shares to Subordinate Voting Shares. As a result, the Company Mandatory Conversion Moment Call Right is no longer applicable.

# TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements

(In thousands of euros, except per share amounts and as otherwise indicated)

(Due to rounding, numbers presented may not foot)

Three and nine months ended September 30, 2021 and 2020

(Unaudited)

Pursuant to the terms of the IRGA, the earliest date that the actual conversion or redemption of Preferred Shares resulting from the occurrence of the Mandatory Conversion Moment may occur is the first business day occurring 12 months following February 1, 2021 and, thereafter, such conversion may only occur after the first business day that is six months following the Mandatory Conversion Moment. As a result, the conversion of the Preferred Shares into Subordinate Voting Shares as a result of the Notice of Conversion will be effective on February 1, 2022, unless the holders of the Preferred Shares choose to convert prior to this date pursuant to the Preferred Share Conversion Right.

## *Company Call Right*

Prior to the Notification of Conversion, any time after February 1, 2026, the Company would have had the option to redeem all the Preferred Shares in exchange for, at the option of each holder of Preferred Shares, payment of an amount in cash equal to approximately EUR 19.06 per share, or Subordinate Voting Shares of equal value, or any combination thereof (the "Company Call Right"). Notwithstanding the foregoing, if the board of directors of the Company determined that the Company did not have sufficient cash on hand to make the payment in cash, the holders of the Preferred Shares would have, subject to TSXV approval, received Subordinate Voting Shares of equal value. Subsequent to the Notification of Conversion, the Preferred Shares are no longer redeemable.

Prior to the Notification of Conversion, upon the exercise of the Company Call Right, the holders of the Preferred Shares would also have been entitled to receive all accrued but unpaid dividends accruing to the day before the redemption date. Pursuant to the terms of the IRGA, the board of directors of the Company would make a determination as to whether the Company had sufficient cash on hand to satisfy the payment of any accrued but unpaid dividends on the Preferred Shares in cash. If the board of directors of the Company determined that the Company did not have sufficient cash on hand to make the payment in cash, the holders of the Preferred Shares would have, subject to TSXV approval, received Subordinate Voting Shares of equal value. Subsequent to the Notification of Conversion, the Preferred Shares are no longer redeemable.

Prior to the Notification of Conversion, pursuant to the terms of the IRGA, if the Company Call Right was exercised, and at the time of such exercise the value of a Subordinate Voting Share exceeded approximately EUR 19.06 per share, then the holders of the Preferred Shares would first have the option to exercise the Preferred Share Conversion Right, in which case the Company Call Right would not be exercised. Subsequent to the Notification of Conversion, the Preferred Shares are no longer redeemable.

## Topicus Coop Preference Units:

Topicus Coop issued 19,665,642 Topicus Coop Preference Units to the Joday Group in conjunction with the Combination. Topicus Coop also issued 5,842,882 Topicus Coop Preference Units to Ijssel in conjunction with the acquisition of Topicus.com B.V. The Topicus Coop Preference Units are non-voting and prior to the Notification of Conversion were redeemable at the option of the holder for a redemption price of approximately EUR 19.06 per unit. The redemption price could either be settled in cash or through the issuance of Topicus Coop Ordinary Units of equal value, or any combination thereof. The Topicus Coop Preference Units are convertible into Topicus Coop Ordinary Units (note 19) at a conversion ratio of 1:1. The Topicus Coop Preference Unit holders will also be entitled to a fixed annual cumulative dividend of 5% per annum on the initial Topicus Coop Preference Unit value of approximately EUR 19.06 per unit.

The fair value of the Topicus Coop Preference Units on the date of issuance was EUR 486,295 and was recorded as a liability. The Company determined that the conversion option associated with the Topicus Coop Preference Units did not result in a fixed amount of cash being exchanged for a fixed amount of units (i.e. the conversion option

# TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements

(In thousands of euros, except per share amounts and as otherwise indicated)

(Due to rounding, numbers presented may not foot)

Three and nine months ended September 30, 2021 and 2020

(Unaudited)

does not meet the “fixed for fixed” requirement). As a result, the Topicus Coop Preference Units were recorded at fair value at the end of each reporting period up to the Notification of Conversion date. The change in fair value of the Topicus Coop Preference Units was recorded as a redeemable preferred securities expense (income) in the condensed consolidated interim statements of income (loss) up to the Notification of Conversion date.

During the three months ended June 30, 2021, the Preference Units reached the Mandatory Conversion Moment (see below). As a result of reaching the Mandatory Conversion Moment, the Preference Unit holders notified Topicus that they were electing to convert their Preference Units into Topicus Coop Ordinary Units, which conversion would become effective on February 1, 2022 (“Notification of Conversion”). On the date that the Company received the Notification of Conversion from the Preference Unit holders, the Preference Units were re-classified from a liability to equity (non-controlling interest) because the Preference Units were no longer redeemable for cash or through the issuance of Topicus Coop Ordinary Units of equal value, or any combination thereof. Following receipt of the Notice of Conversion, the holders of the Preference Units are required to convert their Preference Units to Topicus Coop Ordinary Units on February 1, 2022, however, they may choose to convert prior to February 1, 2022 pursuant to the Topicus Coop Preference Unit Conversion Right (as defined below). On the Notification of Conversion date, the Company also accrued the expected dividend to be paid relating to the period from the Notification of Conversion date to the expected conversion date of February 1, 2022. The dividend to be paid relating to this period has been recorded directly in equity (non-controlling interest).

Further descriptions of the significant terms and conditions of these Topicus Coop Preference Units are described below. The terms and conditions of the Topicus Coop Preference Units should be read in conjunction with the terms and conditions of the Preferred Shares.

## *Conversion*

Holders of the Topicus Coop Preference Units are entitled to convert some or all of their Topicus Coop Preference Units into Topicus Coop Ordinary Units on a one-for-one basis at any time (the “Topicus Coop Preference Unit Conversion Right”). Pursuant to the terms of the IRGA and the exchange agreement entered into among the Company, Topicus Coop, the Joday Group and Ijssel (the “Exchange Agreement”), the portion of the Topicus Coop Preference Units which constitute Topicus Coop Exchangeable Units (as defined below) are indirectly exchangeable for Subordinate Voting Shares.

Upon the exercise of the Topicus Coop Preference Unit Conversion Right, the holders of the Topicus Coop Preference Units will be entitled to receive all accrued but unpaid dividends accruing to the day before the conversion date. Pursuant to the terms of the IRGA, the board of directors of Topicus Coop will make a determination as to whether Topicus Coop has sufficient cash on hand to satisfy the payment of any accrued but unpaid dividends on the Topicus Coop Preference Units in cash. If the board of directors of Topicus Coop determines that Topicus Coop does not have sufficient cash on hand, the accrued but unpaid dividends will be satisfied by the issuance of Topicus Coop Ordinary Units of equal value.

Holders of Topicus Coop Preference Units are entitled to exercise their Topicus Coop Preference Unit Conversion Right, and either continue to hold Topicus Coop Ordinary Units, or, pursuant to the terms of the IRGA and the Exchange Agreement, the portion of the Topicus Coop Ordinary Units which constitute Topicus Coop Exchangeable Units can be exchanged for Subordinate Voting Shares.

# TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements  
(In thousands of euros, except per share amounts and as otherwise indicated)  
(Due to rounding, numbers presented may not foot)  
Three and nine months ended September 30, 2021 and 2020  
(Unaudited)

## *Redemption at the Option of the Holder*

Prior to the Notification of Conversion, upon the exercise by Topicus Coop of the Topicus Coop Call Right (as defined below), or the exercise of the Topicus Coop Preference Unit Retraction Right (as defined below), holders of the Topicus Coop Preference Units had a right that mirrored the Preferred Share Call Price Right (but at the Topicus Coop level) (the “Topicus Coop Preference Unit Call Price Right”), and which was subject to substantially the same terms and restrictions that applied to the Preferred Share Call Price Right (but at the Topicus Coop level). As the Topicus Coop Preference Unit Call Price Right occurred at the Topicus Coop level, the holders of the Topicus Coop Preference Units would have received Topicus Coop Ordinary Units, and not Subordinate Voting Shares, in connection with the exercise of this right. Subsequent to the Notification of Conversion, the Topicus Coop Preference Units are no longer redeemable.

Prior to the Notification of Conversion, the “Topicus Coop Preference Unit Retraction Right” provided that (i) at any time until July 5, 2021, the holders of the Preferred Shares would have had the right (but not the obligation) to sell all of their Preferred Shares to the Company and exercise the Preferred Share Call Price Right, in which case the holders of the Topicus Coop Preference Units would have been entitled to sell all of their Topicus Coop Preference Units to Topicus Coop and exercise the Topicus Coop Preference Unit Call Price Right, and (ii) at any time after July 5, 2021, holders representing 95% of the Preferred Securities (excluding any Topicus Coop Preference Units held by the Company) would have had the right (but not the obligation) to entitle the holders of the Topicus Coop Preference Units to sell all of their Topicus Coop Preference Units to Topicus Coop and exercise the Topicus Coop Preference Unit Call Price Right. Subsequent to the Notification of Conversion, the Topicus Coop Preference Units are not retractable.

Prior to the Notification of Conversion, Holders of the Topicus Coop Preference Units had a redemption right that mirrored the Preferred Share Put Right (but at the Topicus Coop level), and which was subject to substantially the same terms and restrictions that applied to the Preferred Share Put Right (but at the Topicus Coop level). Subsequent to the Notification of Conversion, the Topicus Coop Preference Units are no longer redeemable.

## *Redemption at the Option of Topicus Coop*

Prior to the Notification of Conversion, Topicus Coop had a redemption right in respect of the Topicus Coop Preference Units that mirrored the Company Mandatory Conversion Moment Call Right (but at the Topicus Coop level), and which was subject to substantially the same terms and restrictions that applied to the Company Mandatory Conversion Moment Call Right (but at the Topicus Coop level). This right could only be exercised by Topicus Coop if the Company exercised the Mandatory Conversion Moment Call Right. Subsequent to the Notification of Conversion, the Preference Units are no longer redeemable.

Prior to the Notification of Conversion, Topicus Coop had a redemption right in respect of the Topicus Coop Preference Units that mirrored the Company Call Right (but at the Topicus Coop level), and which was subject to substantially the same terms and restrictions that applied to the Company Call Right (but at the Topicus Coop level) (the “Topicus Coop Call Right”). The Topicus Coop Call Right could only be exercised by Topicus Coop if the Company exercised the Company Call Right concurrently. Subsequent to the Notification of Conversion, the Preference Units are no longer redeemable.

# TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements  
(In thousands of euros, except per share amounts and as otherwise indicated)  
(Due to rounding, numbers presented may not foot)  
Three and nine months ended September 30, 2021 and 2020  
(Unaudited)

## 10. Provisions

At January 1, 2021	1,222
Reversal	(101)
Provisions recorded during the period	2,843
Provisions used during the period	(1,750)
Effect of movements in foreign exchange and other	2
At September 30, 2021	2,216
Provisions classified as current liabilities	2,216
Provisions classified as other non-current liabilities	-

The provisions balance is comprised of various individual provisions for severance costs and other estimated liabilities of the Company of uncertain timing or amount.

## 11. Income taxes

Income tax expense is recognized based on management's best estimate of the actual income tax rate for the interim period applied to the pre-tax income of the interim period for each entity in the consolidated group. As a result of foreign exchange fluctuations, acquisitions, and ongoing changes due to intercompany transactions amongst entities operating in different jurisdictions, the Company has determined that a reasonable estimate of a weighted average annual tax rate cannot be determined on a consolidated basis. The Company's consolidated effective tax rate in respect of continuing operations for the three and nine months ended September 30, 2021 was 21% and negative 1% (19% and 19% for the three and nine months ended September 30, 2020). The current period year to date effective tax rate is impacted by the redeemable preferred securities expense, which is not deductible for tax purposes.

The Company is subject to tax audits in the countries in which the Company does 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 judgement. If any of these tax authorities are successful with their challenges, the Company's income tax expense may be adversely affected and the Company could also be subject to interest and penalty charges.

# TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements  
(In thousands of euros, except per share amounts and as otherwise indicated)  
(Due to rounding, numbers presented may not foot)  
Three and nine months ended September 30, 2021 and 2020  
(Unaudited)

## 12. Shareholders' Equity

	Common Stock	
	Number	Amount
September 30, 2021	39,870,436	39,412
December 31, 2020	39,412,386	39,412

The Company's authorized share capital consists of an unlimited number of Subordinate Voting Shares and 1 Super Voting Share. As at September 30, 2021, there are 39,870,435 Subordinate Voting Shares and 1 Super Voting Share outstanding. The Super Voting Share is held by CSI. The 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 Super Voting Shares and Subordinate Voting Shares.

### Dividends

On January 4, 2021 in connection with the Combination (see note 1), Topicus paid a dividend of EUR 54,600 to CSI and the Joday Group.

## 13. Finance and other expense (income)

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Interest expense on debt	2,292	1,035	6,426	3,212
Interest expense on lease obligations	283	226	881	657
Amortization of debt related transaction costs	162	180	482	475
Share in net (income) loss of equity investee	(912)	2	(1,076)	(0)
Foreign exchange loss (gain)	17	(153)	325	(86)
Other finance costs (income)	319	112	1,030	436
Finance costs and other	2,161	1,402	8,069	4,693

## 14. Earnings (loss) per share

In conjunction with the Combination, Topicus issued 1 Super Voting Share, 39,412,385 Preferred Shares and 39,412,385 Subordinate Voting Shares to CSI. CSI then distributed 39,412,367 Subordinate Voting Shares to its shareholders pursuant to a dividend-in-kind previously declared. In addition, Topicus Coop issued 19,665,642 preference units ("Topicus Coop Preference Units") and 19,665,642 ordinary units ("Topicus Coop Ordinary Units") to Joday Investments II B.V. and certain individual investors affiliated therewith (being the previous minority owners

# TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements  
(In thousands of euros, except per share amounts and as otherwise indicated)  
(Due to rounding, numbers presented may not foot)  
Three and nine months ended September 30, 2021 and 2020  
(Unaudited)

of CSNH) (collectively known as the “Joday Group”). Topicus has reflected this capital reorganization as if it had occurred on the starting date of the earliest period presented and has calculated basic and diluted earnings per share as if this capital reorganization occurred on January 1, 2020.

Subsequent to the Notification of Conversion by the holders of the Preferred Shares, the Preferred Shares are mandatorily convertible into Subordinate Voting Shares of Topicus and as a result, have been included in the basic number of shares outstanding for purposes of earnings per share subsequent to the Notification of Conversion.

## *Basic and diluted earnings (loss) per share*

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
<b>Basic earnings (loss) per share:</b>				
<b>Numerator:</b>				
Net income (loss) attributable to equity holders of Topicus	7,422	12,850	(1,896,100)	33,905
<b>Denominator:</b>				
Weighted average basic shares outstanding	79,282,821	39,412,386	57,851,780	39,412,386
<b>Earnings (loss) per share</b>				
Basic	0.09	0.33	(32.78)	0.86
<b>Diluted earnings (loss) per share:</b>				
<b>Numerator:</b>				
Net income (loss) attributable to equity holders of Topicus	7,422	12,850	(1,896,100)	33,905
Add: Expense (income) associated with the redeemable preferred securities	-	-	2,302,185	-
Add: Net income (loss) attributable to the non-controlling interest holders of Topicus Coop	10,715	6,412	(353,375)	16,918
Net income (loss) to be used for diluted earnings per share	18,137	19,262	52,710	50,823
<b>Denominator:</b>				
Weighted average basic shares outstanding	79,282,821	39,412,386	57,851,780	39,412,386
Add: Effect of dilutive shares	50,558,998	78,743,669	71,776,014	78,743,669
Weighted average diluted shares outstanding	129,841,819	118,156,055	129,627,794	118,156,055
<b>Earnings (loss) per share</b>				
Diluted	0.09	0.16	(32.78)	0.43

For the three and nine months ended September 30, 2021, the diluted earnings (loss) per share is equivalent to basic earnings (loss) per share because the impact of the potential dilution is anti-dilutive.

## 15. Financial instruments

### *Fair values versus carrying amounts*

The carrying values of cash, accounts receivable, accounts payable and accrued liabilities, income taxes payable, the majority of acquisition holdbacks, and the Revolving Credit Facility, approximate their fair values due to the short-term nature of these instruments. The carrying value of the Term Loans approximate their fair value as the bank debt is subject to market interest rates.

# TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements

(In thousands of euros, except per share amounts and as otherwise indicated)

(Due to rounding, numbers presented may not foot)

Three and nine months ended September 30, 2021 and 2020

(Unaudited)

## *Fair value hierarchy*

The table below analyzes financial instruments carried at fair value, by valuation method.

- 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).

In the table below, the Company has segregated all financial assets and liabilities that are measured at fair value into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date.

Financial assets and financial liabilities measured at fair value as of September 30, 2021 and December 31, 2020 in the condensed consolidated interim financial statements 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.

	September 30, 2021				December 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets:</b>								
Equity securities held for trading	7	-	-	7	2	-	-	2
	<u>7</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>
<b>Liabilities:</b>								
Redeemable preferred securities	-	-	66,614	66,614	-	-	-	-
Contingent consideration	-	-	5,108	5,108	-	-	3,641	3,641
	<u>-</u>	<u>-</u>	<u>71,723</u>	<u>71,723</u>	<u>-</u>	<u>-</u>	<u>3,641</u>	<u>3,641</u>

There were no transfers of fair value measurement between level 1, 2 and 3 of the fair value hierarchy in the periods ended September 30, 2021 and December 31, 2020.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in level 3 of the fair value hierarchy.

# TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements  
(In thousands of euros, except per share amounts and as otherwise indicated)  
(Due to rounding, numbers presented may not foot)  
Three and nine months ended September 30, 2021 and 2020  
(Unaudited)

## *Contingent Consideration*

Balance at January 1, 2021	3,641
Increase from business acquisitions	2,160
Cash recoveries (payments)	(197)
Charges through profit or loss	(494)
Foreign exchange and other movements	(2)
<b>Balance at September 30, 2021</b>	<b>5,108</b>
Contingent consideration classified as current liabilities	821
Contingent consideration classified as other non-current liabilities	4,288

Estimates of the fair value of contingent consideration are performed by the Company on a quarterly basis. Key unobservable inputs include revenue/profitability growth rates and the discount rates applied (8% to 11%). The estimated fair value increases as the annual revenue/profitability growth rate increases and as the discount rate decreases and vice versa.

## *Redeemable Preferred Securities:*

Balance at January 1, 2021	-
Issuance in relation to the acquisition of Topicus.com B.V.	111,389
Redeemable preferred securities issued to CSI and the Joday Group	1,126,267
Cash recoveries (payments)	-
Charges through profit or loss	2,302,185
Foreign exchange and other movements	-
Reclassification of Redeemable preferred securities to preferred shares and non-controlling interest	(3,516,115)
Accrued and unpaid dividends recorded upon re-classification to equity	42,888
<b>Balance at September 30, 2021</b>	<b>66,614</b>

Estimates of the fair value of the redeemable preferred securities are performed by the Company on a quarterly basis. Key unobservable inputs include expected volatility and the credit spread of the redeemable preferred securities. The estimated fair value increases as the expected volatility increases. The estimated fair value decreases as the credit spread increases. The key observable input is the common share price of Topicus. As the Topicus common share price increases, the fair value of the redeemable preferred securities increases. Subsequent to the Notification of Conversion, the principal portion of the redeemable preferred securities has been reclassified to equity. The remaining balance consists of the accrued interest that was recorded prior to the

# TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements  
(In thousands of euros, except per share amounts and as otherwise indicated)  
(Due to rounding, numbers presented may not foot)  
Three and nine months ended September 30, 2021 and 2020  
(Unaudited)

Notification of the Conversion and the accrual of the remaining dividend that was made upon reclassification to equity. The balance is expected to be settled in February 2022.

## 16. Contingencies

In the normal course of operations, the Company is subject to litigation and claims from time to time. The Company may also be subject to lawsuits, investigations and other claims, including environmental, labour, income and sales tax, product, customer disputes and other matters. Management believes that adequate provisions have been recorded in the accounts where required. Although it is not always possible to estimate the extent of potential costs, if any, management believes that the ultimate resolution of such contingencies will not have a material adverse impact on the results of operations, financial position or liquidity of the Company.

## 17. Changes in non-cash operating assets and liabilities

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Decrease (increase) in current accounts receivable	5,022	6,572	(525)	12,604
Decrease (increase) in current unbilled revenue	(4,197)	(81)	(9,974)	(2,107)
Decrease (increase) in other current assets	1,589	1,114	(5,646)	(2,058)
Decrease (increase) in inventories	(372)	(84)	(429)	36
Decrease (increase) in other non-current assets	(246)	(210)	(34)	566
Increase (decrease) in other non-current liabilities	357	(224)	510	(1,354)
Increase (decrease) in current accounts payable and accrued liabilities, excluding holdbacks from acquisitions	4,449	(520)	(16,346)	(17,230)
Increase (decrease) in current deferred revenue	(43,638)	(40,242)	36,210	31,197
Increase (decrease) in current provisions	349	(576)	994	(1,010)
<b>Change in non-cash operating working capital</b>	<b>(36,687)</b>	<b>(34,252)</b>	<b>4,760</b>	<b>20,643</b>

## 18. Related parties

### *Transactions with CSI*

The Company pays management fees to CSI (included within "Other, net" expenses) and reimburses CSI for certain expenses paid on behalf of the Company. The aggregate payments made by the Company to CSI for management fees and reimbursements of expenses during the three and nine months ended September 30, 2021 was EUR 484 and EUR 6,486 (September 30, 2020 - EUR 369 and EUR 4,917 for the three and nine months ended). During the period, the Company expensed management fees of EUR 316 and EUR 944 for the three and nine months ended September 30, 2021 (September 30, 2020 – EUR 315 and EUR 945 for the three and nine months ended).

The ending payable balance to CSI (included within accounts payable and accrued liabilities) as at September 30, 2021 was EUR 382 (December 31, 2020 – EUR 1,282).

# TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements  
(In thousands of euros, except per share amounts and as otherwise indicated)  
(Due to rounding, numbers presented may not foot)  
Three and nine months ended September 30, 2021 and 2020  
(Unaudited)

## *Transactions with entities under the control of CSI*

The Company also provides professional services to other entities under the control of CSI. The total amount of revenue recognized during the three and nine months ended September 30, 2021 (included within professional services revenue) relating to such arrangements was EUR 1,141 and EUR 3,044 (September 30, 2020 – EUR 978 and EUR 3,463 for the three and nine months ended). The ending receivable balance (included within accounts receivable) as at September 30, 2021 relating to these arrangements was EUR 570 (December 31, 2020 – EUR 437).

During the period, the Company paid for certain expenses on behalf of entities under common control of CSI. The ending receivable balance (included within accounts receivable) outstanding as at September 30, 2021 relating to these payments was EUR 545.

## **19. Non-controlling interests**

The Company's non-controlling interest at September 30, 2021 is associated with Topicus Coop, an entity domiciled in the Netherlands. Topicus Coop's common equity consists of Topicus Coop Ordinary Units. There are currently 64,920,909 Topicus Coop Ordinary Units outstanding, which are held by Topicus Coop's unitholders, as follows:

- Topicus: 39,870,435 Topicus Coop Ordinary Units, representing 61.41% equity ownership.
- Joday Group: 19,665,642 Topicus Coop Ordinary Units, representing 30.29% equity ownership.
- Ijssel: 5,384,832 Topicus Coop Ordinary Units, representing 8.29% equity ownership.

All of the Topicus Coop Ordinary Units held by the Joday Group and Ijssel (collectively the "Topicus Coop Exchangeable Units") are exchangeable, directly or indirectly, for Subordinate Voting Shares. The Topicus Coop Exchangeable Units comprise non-controlling interests in Topicus Coop.

Topicus Coop also has issued Topicus Coop Preference Units to the Company (39,412,385 Topicus Coop Preference Units), the Joday Group (19,665,642 Topicus Coop Preference Units) and Ijssel (5,842,882 Topicus Coop Preference Units). Holders of the Topicus Coop Preference Units are entitled to convert some or all of their Topicus Coop Preference Units into Topicus Coop Ordinary Units on a one-for-one basis at any time. Pursuant to the terms of the IRGA and the Exchange Agreement, the Topicus Coop Preference Units held by the Joday Group and Ijssel also constitute Topicus Coop Exchangeable Units which are indirectly exchangeable into Subordinate Voting Shares. Prior to the Notification of Conversion, the Topicus Coop Preference Units held by the Joday Group and Ijssel had been classified as a liability by the Company and had been excluded from non-controlling interests. Subsequent to the Notification of Conversion, the Topicus Coop Preference Units held by the Joday Group and Ijssel have been reclassified to equity and included within non-controlling interests.

The following tables summarize the information relating to the Company's non-controlling interests in Topicus Coop before and after intercompany eliminations:

# TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements  
(In thousands of euros, except per share amounts and as otherwise indicated)  
(Due to rounding, numbers presented may not foot)  
Three and nine months ended September 30, 2021 and 2020  
(Unaudited)

	As at September 30, 2021	Inter-company eliminations	Total
Non-controlling interest	38.59%		
Current assets	179,071		
Non-current assets	756,239		
Total assets	<u>935,310</u>		
Current liabilities	352,917		
Non-current liabilities	271,579		
Total liabilities	<u>624,496</u>		
Less: Non-controlling interest of Topicus Coop subsidiaries	2,771		
Less: Preference units of Topicus Coop classified as non-controlling interest	1,434,716		
Net assets	<u>(1,126,673)</u>	40,222	(1,086,451)
Net assets allocated to the Ordinary Units of Topicus Coop classified as non-controlling interest			(419,220)
Add: Non-controlling interest of Topicus Coop subsidiaries			2,771
Add: Preference units of Topicus Coop classified as non-controlling interest			1,434,716
Total non-controlling interest			<u>1,018,267</u>

The following tables summarize the information on the statement of earnings relating to the Company's non-controlling interests in Topicus Coop before and after intercompany eliminations:

	Three months ended September 30, 2021	Inter-company eliminations	Total
Revenue	177,126		
Expenses	154,379		
Redeemable preferred securities expense (income) (note 9)	-		
Income (loss) before income taxes	<u>22,748</u>		
Income tax expense	4,773		
Net income (loss) prior to non-controlling interest allocation	<u>17,975</u>		
Less: Non-controlling interest of Topicus Coop subsidiaries	(40)		
Less: Income allocated to Preference Units of Topicus Coop held by non-controlling interests	6,129		
Net income (loss) after allocation of non-controlling interest of Topicus Coop subsidiaries and Preference Units classified as non-controlling interest	<u>11,886</u>	-	11,886
Net income (loss) allocated to Ordinary Units of Topicus Coop classified as non-controlling interest			4,586
Add: Non-controlling interest of Topicus Coop subsidiaries			(40)
Add: Income allocated to Preference Units of Topicus Coop classified as non-controlling interest			6,129
Total non-controlling interest			<u>10,675</u>

# TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements  
(In thousands of euros, except per share amounts and as otherwise indicated)  
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Three and nine months ended September 30, 2021 and 2020  
(Unaudited)

	Nine months ended September 30, 2021	Inter-company eliminations	Total
Revenue	534,961		
Expenses	467,825		
Redeemable preferred securities expense (income) (note 9)	2,302,185		
Income (loss) before income taxes	<u>(2,235,049)</u>		
Income tax expense	14,205		
Net income (loss) prior to non-controlling interest allocation	<u>(2,249,253)</u>		
Less: Non-controlling interest of Topicus Coop subsidiaries	218		
Less: Income allocated to Preference Units of Topicus Coop held by non-controlling interests	8,964		
Net income (loss) after allocation of non-controlling interest of Topicus Coop subsidiaries and Preference Units classified as non-controlling interest	<u>(2,258,435)</u>	1,336,564	<u>(921,872)</u>
Net income (loss) allocated to Ordinary Units of Topicus Coop classified as non-controlling interest			(362,338)
Add: Non-controlling interest of Topicus Coop subsidiaries			218
Add: Income allocated to Preference Units of Topicus Coop classified as non-controlling interest			<u>8,964</u>
Total non-controlling interest			<u>(353,156)</u>

Financial information on the statement of cash flows for Topicus Coop is as follows:

	Three months ended September 30, 2021	Nine months ended September 30, 2021
Cash flows from (used in) operating activities	8,493	133,660
Cash flows from (used in) in financing activities	1,557	8,818
Cash flows from (used in) investing activities	(8,634)	(131,479)

## 20. Subsequent events

Subsequent to September 30, 2021, the Company completed an agreement to acquire a business in the oil and gas vertical for aggregate cash consideration of USD 85,273 (EUR 73,582) on closing plus cash holdbacks of USD 9,500 (EUR 8,198) and contingent consideration with a maximum value of USD 5,000 (EUR 4,315). The Company will have an equity interest of 60% in the business. The remaining 40% equity interest will be owned by another subsidiary of Constellation Software Inc.