

Condensed Consolidated Interim Financial Statements
(In euros)

Topicus.com Inc.

For the three and six months ended June 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

	June 30, 2021	December 31, 2020	June 30, 2020
Assets			
Current assets:			
Cash	65,218	55,635	55,385
Accounts receivable	58,595	46,644	41,326
Unbilled revenue	25,091	12,609	13,160
Inventories	583	375	370
Other assets (note 5)	26,299	14,461	22,045
	175,786	129,724	132,287
Non-current assets:			
Property and equipment	15,532	8,782	7,910
Right of use assets	56,021	50,517	44,946
Deferred income taxes	4,831	1,946	800
Other assets (note 5)	4,875	3,956	4,094
Intangible assets (note 6)	688,088	446,213	399,062
	769,348	511,415	456,812
Total assets	945,134	641,139	589,100
Liabilities and Shareholders' Equity			
Current liabilities:			
Revolving credit facility and current portion of term loans (note 7 and 8)	30,018	19,482	-
Redeemable preferred securities (note 9)	66,614	-	-
Accounts payable and accrued liabilities	97,597	97,386	72,202
Deferred revenue	148,208	59,721	119,758
Provisions (note 10)	1,867	1,222	1,608
Acquisition holdback payables	4,924	12,601	5,624
Lease obligations	15,863	13,953	12,567
Income taxes payable (note 11)	10,333	12,576	5,143
	375,424	216,941	216,901
Non-current liabilities:			
Term loans (note 8)	96,359	32,572	32,425
Deferred income taxes	128,150	79,958	69,038
Acquisition holdback payables	360	608	-
Lease obligations	40,859	37,154	31,638
Other liabilities (note 5)	10,476	9,225	5,449
	276,204	159,518	138,549
Total liabilities	651,628	376,459	355,450
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)	(501)	(1,409)	(681)
Retained earnings (deficit)	(1,801,383)	138,572	117,142
Non-controlling interests (note 19)	1,007,964	88,106	77,776
	293,505	264,680	233,650
Total liabilities and shareholders' equity	945,134	641,139	589,100
Subsequent events (note 20)			
Total liabilities and shareholders' equity	945,134	641,139	589,100

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 six months ended June 30, 2021 and 2020

Unaudited

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Revenue				
License	6,209	2,536	11,139	5,733
Professional services	47,616	27,695	96,205	55,965
Hardware and other	1,498	1,146	2,843	2,408
Maintenance and other recurring	122,915	84,229	247,648	171,269
	178,238	115,607	357,834	235,375
Expenses				
Staff	96,727	62,191	195,544	123,155
Hardware	658	480	1,292	1,229
Third party license, maintenance and professional services	20,068	10,790	35,789	21,384
Occupancy	1,442	905	2,815	1,768
Travel, telecommunications, supplies, software and equipment	4,741	3,138	8,953	6,936
Professional fees	2,447	1,827	4,967	3,764
Other, net	2,222	1,031	3,644	2,494
Depreciation	5,800	4,175	12,031	8,385
Amortization of intangible assets (note 6)	20,617	12,323	41,028	24,095
	154,722	96,860	306,063	193,209
Redeemable preferred securities expense (income) (note 9)	(154,611)	-	2,302,185	-
Impairment of intangible and other non-financial assets (note 6)	1,600	-	1,600	-
Finance and other expenses (income) (note 13)	2,890	1,337	5,908	3,291
	(150,121)	1,337	2,309,693	3,291
Income (loss) before income taxes	173,637	17,410	(2,257,922)	38,876
Current income tax expense (recovery)	8,549	6,600	18,913	13,266
Deferred income tax expense (recovery)	(3,693)	(3,261)	(9,481)	(5,951)
Income tax expense (recovery)	4,856	3,340	9,431	7,315
Net income (loss)	168,781	14,071	(2,267,353)	31,561
Net income (loss) attributable to:				
Equity holders of Topicus (note 19)	161,601	9,387	(1,903,522)	21,055
Non-controlling interests (note 19)	7,180	4,684	(363,831)	10,506
Net income (loss)	168,781	14,071	(2,267,353)	31,561
Weighted average shares (note 14)				
Basic shares outstanding	54,421,997	39,412,386	46,958,654	39,412,386
Diluted shares outstanding	129,841,819	118,156,055	129,519,008	118,156,055
Earnings (loss) per common share of Topicus (note 14)				
Basic	2.97	0.24	(40.54)	0.53
Diluted	0.11	0.12	(40.54)	0.27

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 six months ended June 30, 2021 and 2020

Unaudited

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

See accompanying notes to the condensed consolidated interim financial statements.

Topicus.com Inc.

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

Unaudited

Six months ended June 30, 2021

	Attributable to equity holders of Topicus					Total	Non-controlling interests	Total equity
	Preferred Shares	Capital Stock	Other equity	Accumulated other comprehensive (loss) income	Retained earnings (Deficit)			
Balance at January 1, 2021	-	39,412	-	(1,409)	138,572	176,575	88,106	264,680
<i>Total comprehensive income (loss) for the period:</i>						-		
Net income (loss)	-	-	-	-	(1,903,522)	(1,903,522)	(363,831)	(2,267,353)
<i>Other comprehensive income (loss)</i>								
Foreign currency translation differences from foreign operations and other	-	-	-	810	-	810	444	1,254
Total other comprehensive income (loss) for the period	-	-	-	810	-	810	444	1,254
Total comprehensive income (loss) for the period	-	-	-	810	(1,903,522)	(1,902,712)	(363,388)	(2,266,100)
Transactions with owners, recorded directly in equity								
Issuance of Topicus Coop Ordinary Units to non-controlling interests	-	-	9,770	127	-	9,896	(9,896)	-
Net acquisition of non-controlling interest associated with acquisitions and other movements	-	-	-	(29)	(8)	(37)	2,602	2,566
Issuance of Redeemable preferred securities	-	-	(1,001,469)	-	-	(1,001,469)	(124,797)	(1,126,267)
Dividends to common shareholders of the Company (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)
Balance at June 30, 2021	2,047,473	39,412	(999,460)	(501)	(1,801,383)	(714,459)	1,007,964	293,505

See accompanying notes to the condensed consolidated interim financial statements.

Topicus.com Inc.

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

Unaudited

Six months ended June 30, 2020

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

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 six months ended June 30, 2021 and 2020

Unaudited

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Cash flows from (used in) operating activities:				
Net income (loss)	168,781	14,071	(2,267,353)	31,561
Adjustments for:				
Depreciation	5,800	4,175	12,031	8,385
Amortization of intangible assets	20,617	12,323	41,028	24,095
Redeemable preferred securities expense (income) (note 9)	(154,611)	-	2,302,185	-
Impairment of intangible and other non-financial assets (note 6)	1,600	-	1,600	-
Finance and other expenses (income)	2,890	1,337	5,908	3,291
Income tax expense (recovery)	4,856	3,340	9,431	7,315
Change in non-cash operating assets and liabilities exclusive of effects of business combinations (note 17)	(71,468)	(42,575)	41,446	54,895
Income taxes (paid) received	(13,102)	(995)	(21,110)	(17,475)
Net cash flows from (used in) operating activities	(34,637)	(8,326)	125,167	112,067
Cash flows from (used in) financing activities:				
Interest paid on lease obligations	(395)	(217)	(599)	(430)
Interest paid on other facilities	(993)	(405)	(2,542)	(1,823)
Increase (decrease) in Revolving Credit Facility	4,968	-	10,000	(50,000)
Proceeds from issuance of term loans	64	-	65,907	-
Credit facility transaction costs	(151)	-	(2,397)	-
Payments of lease obligations	(4,186)	(3,095)	(8,508)	(6,251)
Repayment of unitholder loans	-	(647)	-	(647)
Dividends paid	-	-	(54,600)	-
Net cash flows from (used in) financing activities	(693)	(4,364)	7,261	(59,151)
Cash flows from (used in) investing activities:				
Acquisition of businesses (note 4)	(5,090)	(19,569)	(151,738)	(26,627)
Cash obtained with acquired businesses (note 4)	(722)	5,014	14,246	6,732
Post-acquisition settlement payments, net of receipts	(6,339)	(3,713)	(11,008)	(4,863)
Receipt of additional subscription amount from the sellers of Topicus.com B.V. (note 4)	27,589	-	27,589	-
Interest, dividends and other proceeds received	-	392	-	492
Property and equipment purchased	(1,167)	(640)	(1,933)	(1,300)
Net cash flows from (used in) investing activities	14,270	(18,516)	(122,844)	(25,566)
Effect of foreign currency on cash and cash equivalents	0	(0)	0	(0)
Increase (decrease) in cash	(21,059)	(31,206)	9,584	27,350
Cash, beginning of period	86,278	86,592	55,635	28,036
Cash, end of period	65,218	55,385	65,218	55,385

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 six months ended June 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 six months ended June 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 June 30, 2021 and June 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, 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 August 4, 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 six months ended June 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 six months ended June 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. During the three-month period ended June 30, 2021, the Company made changes to provisional estimates of the prior period preliminary purchase price allocation. The significant changes include a decrease to definite life intangible assets of EUR 31,600, an increase to goodwill of EUR 22,450 and a decrease to deferred tax liabilities of EUR 7,900. 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 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 six months ended June 30, 2021 and 2020

(Unaudited)

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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Total consideration	217,400

The acquisition of Topicus.com B.V. contributed revenue of EUR 67,106 and a net loss of EUR 1,772 during the six months ended June 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 six-month period ended June 30, 2021, the Company completed additional acquisitions for aggregate cash consideration of EUR 18,138 plus cash holdbacks of EUR 1,866 and contingent consideration with an estimated fair value of EUR 225 resulting in total consideration of EUR 20,229. The obligation for contingent consideration for acquisitions during the six months ended June 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 225. Aggregate contingent consideration of EUR 3,873 (December 31, 2020 – EUR 3,641) has been reported in the condensed consolidated interim statement of financial position at

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 six months ended June 30, 2021 and 2020

(Unaudited)

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. An expense of EUR 29 and a recovery of EUR 145 has been recorded for the three and six months ended June 30, 2021, as a result of such changes (expense of EUR 104 and a recovery of EUR 186 for the three and six months ended June 30, 2020).

None of the additional acquisitions completed during the six-month period ended June 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 six-month period ended June 30, 2021 include software companies catering to the following markets: healthcare, church and religion, public libraries 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 3,290; however, the Company has recorded an allowance of EUR 667 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 two quarters of 2020 and first two 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 cash consideration associated with these provisional estimates totals EUR 76,901 (excluding the acquisition of Topicus.com B.V.). During the six-month period ended June 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 an 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 six-month period ended June 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 six months ended June 30, 2021 and 2020

(Unaudited)

Assets acquired:	
Cash	2,695
Accounts receivable	2,623
Other current assets	1,267
Property and equipment	1,773
Other non-current assets	1,338
Deferred income taxes	651
Technology assets	7,247
Customer assets	16,857
	<hr/>
	34,450
Liabilities assumed:	
Current liabilities	4,393
Deferred revenue	3,379
Deferred income taxes	4,633
Other non-current liabilities	1,089
	<hr/>
	13,494
Non-controlling interest	1,994
Goodwill	1,268
Total consideration	20,229

The 2021 additional business acquisitions did not have a material impact to either the consolidated revenue or the consolidated net income (loss) for the six months ended June 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 six months ended June 30, 2021 and 2020

(Unaudited)

5. Other assets and other non-current liabilities

(a) Other assets

	June 30, 2021	December 31, 2020
Prepaid expenses and other current assets	22,403	11,891
Sales tax receivable	1,257	624
Equity securities held for trading	7	2
Other receivables	2,632	1,943
Total other current assets	26,299	14,461
Costs to obtain a contract	180	231
Non-current trade and other receivables and other assets	3,806	3,623
Equity accounted investees	889	103
Total other non-current assets	4,875	3,956

(b) Other non-current liabilities

	June 30, 2021	December 31, 2020
Contingent consideration	3,698	3,430
Deferred revenue	1,078	919
Other non-current liabilities	5,700	4,876
Total other non-current liabilities	10,476	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 six months ended June 30, 2021 and 2020

(Unaudited)

6. Intangible Assets

	Technology Assets	Customer Assets	Trademarks	Goodwill	Total
Cost					
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	109,347	110,130	19,400	44,309	283,186
Effect of movements in foreign exchange and other	524	295	-	498	1,317
Balance at June 30, 2021	377,188	420,771	25,700	179,276	1,002,935
Accumulated amortization and impairment losses					
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	22,062	18,324	643	-	41,028
Impairment charge	507	1,075	-	18	1,600
Balance at June 30, 2021	192,572	119,408	2,848	18	314,846
Carrying amounts					
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 June 30, 2021	184,615	301,362	22,853	179,258	688,088

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 six months ended June 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 June 30, 2021, EUR 30,000 (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 29,650 (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 June 30, 2021, the carrying amount of costs relating to this Revolving Credit Facility totaled EUR 350 (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:

	Term Debt Facilities
Principal outstanding at June 30, 2021 (and equal to fair value)	100,387
Deduct: Carrying value of transaction costs included in debt balance	(3,660)
Carrying value at June 30, 2021	96,727
Current portion	368
Non-current portion	96,359

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 six months ended June 30, 2021 and 2020

(Unaudited)

<u>Year</u>	<u>Term Debt Facilities</u>
2021	14
2022	368
2023	1,047
2024	1,047
2025	35,047
2026	1,047
2027	1,138
2028	60,680
	<hr/>
	100,387

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 accrued the expected dividend to be paid relating to the period from the Notification of Conversion date 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 six months ended June 30, 2021 and 2020
(Unaudited)

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, 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.

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 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.

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 six months ended June 30, 2021 and 2020

(Unaudited)

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.

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. The conversion of the Preferred Shares into

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 six months ended June 30, 2021 and 2020
(Unaudited)

Subordinate Voting Shares as a result of the Notification 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 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.

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 six months ended June 30, 2021 and 2020

(Unaudited)

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 Notification 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.

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

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 six months ended June 30, 2021 and 2020

(Unaudited)

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 six months ended June 30, 2021 and 2020

(Unaudited)

10. Provisions

At January 1, 2021	1,222
Reversal	(42)
Provisions recorded during the period	1,855
Provisions used during the period	(1,170)
Effect of movements in foreign exchange and other	2
At June 30, 2021	1,867
Provisions classified as current liabilities	1,867
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 six months ended June 30, 2021 was 3% and 0% (19% and 19% for the three and six months ended June 30, 2020). The current period 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.

12. Shareholders' Equity

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

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 six months ended June 30, 2021 and 2020

(Unaudited)

The Company's authorized share capital consists of an unlimited number of Subordinate Voting Shares and 1 Super Voting Share. As at June 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 June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Interest expense on debt	2,232	1,038	4,135	2,177
Interest expense on lease obligations	284	217	598	430
Amortization of debt related transaction costs	108	137	320	295
Share in net (income) loss of equity investee	(314)	(4)	(164)	(2)
Foreign exchange loss (gain)	52	(225)	308	66
Other finance costs (income)	528	174	711	324
Finance costs and other	2,890	1,337	5,908	3,291

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 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.

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 six months ended June 30, 2021 and 2020

(Unaudited)

Basic and diluted earnings (loss) per share

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Basic earnings (loss) per share:				
Numerator:				
Net income (loss) attributable to equity holders of Topicus	161,601	9,387	(1,903,522)	21,055
Denominator:				
Weighted average basic shares outstanding	54,421,997	39,412,386	46,958,654	39,412,386
Earnings (loss) per share				
Basic	2.97	0.24	(40.54)	0.53
Diluted earnings (loss) per share:				
Numerator:				
Net income (loss) attributable to equity holders of Topicus	161,601	9,387	(1,903,522)	21,055
Add: Expense (income) associated with the redeemable preferred securities	(154,611)	-	2,302,185	-
Add: Net income (loss) attributable to the non-controlling interest holders of Topicus Coop	7,139	4,684	(364,090)	10,506
Net income (loss) to be used for diluted earnings per share	14,129	14,071	34,573	31,561
Denominator:				
Weighted average basic shares outstanding	54,421,997	39,412,386	46,958,654	39,412,386
Add: Effect of dilutive shares	75,419,822	78,743,669	82,560,353	78,743,669
Weighted average diluted shares outstanding	129,841,819	118,156,055	129,519,008	118,156,055
Earnings (loss) per share				
Diluted	0.11	0.12	(40.54)	0.27

For the six months ended June 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.

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).

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 six months ended June 30, 2021 and 2020

(Unaudited)

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 June 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.

	June 30, 2021				December 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
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>
Liabilities:								
Redeemable preferred securities	-	-	66,614	66,614	-	-	-	-
Contingent consideration	-	-	3,873	3,873	-	-	3,641	3,641
	<u>-</u>	<u>-</u>	<u>70,487</u>	<u>70,487</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 June 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.

Contingent Consideration

Balance at January 1, 2021	3,641
Increase from business acquisitions	225
Cash recoveries (payments)	(147)
Charges through profit or loss	(146)
Foreign exchange and other movements	300
Balance at June 30, 2021	3,873
Contingent consideration classified as current liabilities	175
Contingent consideration classified as other non-current liabilities	3,698

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

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 six months ended June 30, 2021 and 2020
(Unaudited)

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
Balance at June 30, 2021	66,614

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 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.

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 six months ended June 30, 2021 and 2020

(Unaudited)

17. Changes in non-cash operating assets and liabilities

	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Decrease (increase) in current accounts receivable	10,642	17,679	(5,547)	6,032
Decrease (increase) in current unbilled revenue	(2,354)	34	(5,777)	(2,026)
Decrease (increase) in other current assets	716	1,139	(7,235)	(3,172)
Decrease (increase) in inventories	(15)	116	(57)	120
Decrease (increase) in other non-current assets	86	(476)	212	776
Increase (decrease) in other non-current liabilities	367	313	153	(1,130)
Increase (decrease) in current accounts payable and accrued liabilities, excluding holdbacks from acquisitions	(36,375)	(27,465)	(20,795)	(16,709)
Increase (decrease) in current deferred revenue	(45,204)	(34,168)	79,848	71,439
Increase (decrease) in current provisions	668	254	644	(434)
Change in non-cash operating working capital	(71,468)	(42,575)	41,446	54,895

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 six months ended June 30, 2021 was EUR 4,720 and EUR 6,002 (June 30, 2020 - EUR 3,943 and EUR 4,548 for the three and six months ended). During the period, the Company expensed management fees of EUR 310 and EUR 628 for the three and six months ended June 30, 2021 (June 30, 2020 – EUR 315 and EUR 630 for the three and six months ended).

The ending payable balance to CSI (included within accounts payable and accrued liabilities) as at June 30, 2021 was EUR 488 (December 31, 2020 – EUR 1,282).

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 six months ended June 30, 2021 (included within professional services revenue) relating to such arrangements was EUR 916 and EUR 1,903 (June 30, 2020 – EUR 1,090 and EUR 2,486 for the three and six months ended). The ending receivable balance (included within accounts receivable) as at June 30, 2021 relating to these arrangements was EUR 463 (December 31, 2020 – EUR 437).

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 six months ended June 30, 2021 and 2020

(Unaudited)

19. Non-controlling interests

The Company's non-controlling interest at June 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:

	As at June 30, 2021	Inter-company eliminations	Total
Non-controlling interest	38.59%		
Current assets	175,786		
Non-current assets	769,348		
Total assets	<u>945,134</u>		
Current liabilities	375,302		
Non-current liabilities	276,204		
Total liabilities	<u>651,506</u>		
Less: Non-controlling interest of Topicus Coop subsidiaries	2,905		
Less: Preference units of Topicus Coop classified as non-controlling interest	1,428,587		
Net assets	<u>(1,137,865)</u>	40,247	(1,097,618)
Net assets allocated to the Ordinary Units of Topicus Coop classified as non-controlling interest			(423,528)
Add: Non-controlling interest of Topicus Coop subsidiaries			2,905
Add: Preference units of Topicus Coop classified as non-controlling interest			<u>1,428,587</u>
Total non-controlling interest			<u>1,007,964</u>

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 six months ended June 30, 2021 and 2020

(Unaudited)

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

	Three months ended June 30, 2021	Inter-company eliminations	Total
Revenue	178,238		
Expenses	159,151		
Redeemable preferred securities expense (income) (note 9)	(154,611)		
Income before income taxes	<u>173,698</u>		
Income tax expense	4,856		
Net income (loss) prior to non-controlling interest allocation	<u>168,842</u>		
Less: Non-controlling interest of Topicus Coop subsidiaries	40		
Less: Income allocated to Preference Units of Topicus Coop held by non-controlling interests	2,835		
Net income (loss) after allocation of non-controlling interest of Topicus Coop subsidiaries and Preference Units classified as non-controlling interest	<u>165,967</u>	(154,925)	11,042
Net income (loss) allocated to Ordinary Units of Topicus Coop classified as non-controlling interest			4,304
Add: Non-controlling interest of Topicus Coop subsidiaries			40
Add: Income allocated to Preference Units of Topicus Coop classified as non-controlling interest			<u>2,835</u>
Total non-controlling interest			<u>7,180</u>
	Six months ended June 30, 2021	Inter-company eliminations	Total
Revenue	357,834		
Expenses	313,446		
Redeemable preferred securities expense (income) (note 9)	2,302,185		
Income (loss) before income taxes	<u>(2,257,797)</u>		
Income tax expense	9,431		
Net income (loss) prior to non-controlling interest allocation	<u>(2,267,228)</u>		
Less: Non-controlling interest of Topicus Coop subsidiaries	258		
Less: Income allocated to Preference Units of Topicus Coop held by non-controlling interests	2,835		
Net income (loss) after allocation of non-controlling interest of Topicus Coop subsidiaries and Preference Units classified as non-controlling interest	<u>(2,270,321)</u>	1,336,564	(933,758)
Net income (loss) allocated to Ordinary Units of Topicus Coop classified as non-controlling interest			(366,925)
Add: Non-controlling interest of Topicus Coop subsidiaries			258
Add: Income allocated to Preference Units of Topicus Coop classified as non-controlling interest			<u>2,835</u>
Total non-controlling interest			<u>(363,831)</u>

Financial information on the statement of cash flows for Topicus Coop 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 six months ended June 30, 2021 and 2020

(Unaudited)

	Three months ended June 30, 2021	Six months ended June 30, 2021
Cash flows from (used in) operating activities	(34,637)	125,167
Cash flows from (used in) in financing activities	(693)	7,261
Cash flows from (used in) investing activities	14,270	(122,844)

20. Subsequent events

Subsequent to June 30, 2021, the Company completed or entered into agreements to acquire a number of businesses for aggregate cash consideration of EUR 49,585 on closing plus cash holdbacks of EUR 5,953 and contingent consideration with an estimated fair value of EUR 758 for total consideration of EUR 56,295. The business acquisitions include companies catering primarily to the oil and gas, elevator and publishing verticals and are all software companies similar to the existing business of the Company.