

Constellation Software Inc. and Topicus.com Inc. Announce Results for Topicus.com Inc. for the Third Quarter Ended September 30, 2022

TORONTO, Nov. 03, 2022 -- Topicus.com Inc. (TSXV:TOI) in a joint release with Constellation Software Inc. (TSX:CSU) today announced financial results for Topicus.com Inc. ("Topicus" or the "Company") for the third quarter ended September 30, 2022. Please note that all amounts referred to in this press release are in Euros unless otherwise stated.

The following press release should be read in conjunction with the Company's Unaudited Condensed Consolidated Interim Financial Statements for the three and nine months ended September 30, 2022 and the accompanying notes, our Management's Discussion and Analysis for the three and nine months ended September 30, 2022 and the Annual Consolidated Financial Statements of Topicus.com Inc. for the year ended December 31, 2021, which we prepared in accordance with International Financial Reporting Standards ("IFRS") and the Company's annual Management's Discussion and Analysis for the year ended December 31, 2021, which can be found on SEDAR at www.sedar.com and on Topicus.com Inc.'s website www.topicus.com. Additional information about Topicus.com Inc. is also available on SEDAR at www.sedar.com.

Q3 2022 Headlines:

- Revenue increased 29% (3% organic growth) to €228.6 million compared to €177.1 million in Q3 2021.
- Net income increased to €18.4 million (€0.15 on a diluted per share basis) from €18.1 million (€0.09 on a diluted per share basis).
- Acquisitions were completed for aggregate cash consideration of €35.7 million (which includes acquired cash). Deferred payments associated with these acquisitions have an estimated value of €7.9 million resulting in total consideration of €43.6 million.
- Cash flows from operations ("CFO") increased €2.4 million to €10.9 million compared to €8.5 million in Q3 2021 representing an increase of 29%.
- Free cash flow available to shareholders¹ ("FCFA2S") was negative €0.5 million for both Q3 2022 and Q3 2021.
- On October 28, 2022 the Company's credit facility was amended increasing the amount available to borrow to €550 million from €300 million.

1. See Non-IFRS measures.

Total revenue for the quarter ended September 30, 2022 was €228.6 million, an increase of 29%, or €51.5 million, compared to €177.1 million for the comparable period in 2021. For the first nine months of 2022 total revenues were €653.0 million, an increase of 22%, or €118.0 million, compared to €535.0 million for the comparable period in 2021. The increase for both the three and nine month periods compared to the same periods in the prior year is primarily attributable to growth from acquisitions as the Company experienced organic growth of 3% and 4% respectively. Organic growth is not a standardized financial measure and might not be comparable to measures disclosed by other issuers.

Net income for the quarter ended September 30, 2022 increased €0.3 million to €18.4 million compared to €18.1 million for the same period in 2021. On a per share basis, this translated into net income per basic and diluted share of €0.15 in the quarter ended September 30, 2022 compared to €0.09 for the same period in 2021. For the nine months ended September 30, 2022, net income was €58.9 million or €0.45 per basic and diluted share compared to a net loss of €2,249.3 million or €32.78 per basic and diluted share for the same period in 2021. The net loss per basic and diluted share for the nine months ended September 30, 2021 primarily resulted from the €2,302.2 million redeemable preferred securities expense. Diluted shares outstanding increased from 129.5 million to 129.8 million for the nine months ended September 30, 2022.

For the quarter ended September 30, 2022, CFO increased €2.4 million to €10.9 million compared to €8.5 million for the same period in 2021 representing an increase of 29%. Many of the businesses invoice customers for annual software maintenance fees in Q1 each year resulting in a disproportionate amount of cash being received in the first quarter as compared to the remaining three quarters. For the nine months ended September 30, 2022, CFO increased €21.3 million to €154.9 million compared to €133.7 million for the same period in 2021 representing an increase of 16%.

For the quarter ended September 30, 2022, FCFA2S was negative €0.5 million compared to negative €0.5 million for the same period in 2021. For the nine months ended September 30, 2022, FCFA2S decreased €30.6 million to €35.7 million compared to €66.3 million for the same period in 2021 representing a decrease of 46%. The decline is primarily as a result of the dividend paid to the Preferred Securities holders.

Forward Looking Statements

Certain statements herein may be "forward looking" statements that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Topicus or the industry to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to vary significantly from the results discussed in the forward looking statements. These forward

looking statements reflect current assumptions and expectations regarding future events and operating performance and are made as of the date hereof and Topicus assumes no obligation, except as required by law, to update any forward looking statements to reflect new events or circumstances.

Non-IFRS Measures

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

FCFA2S is not a recognized measure under IFRS and, accordingly, readers are cautioned that FCFA2S should not be construed as an alternative to net cash flows from operating activities.

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

	Three months ended September 30,		Nine months ended September 30,	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	(€ in millions)		(€ in millions)	
Net cash flows from operating activities	10.9	8.5	154.9	133.7
Adjusted for:				
Interest paid on lease obligations	(0.3)	(0.3)	(0.9)	(0.9)
Interest paid on other facilities	(3.4)	(3.3)	(7.4)	(5.9)
Credit facility transaction costs	(0.1)	-	(0.1)	(2.4)
Payments of lease obligations	(5.2)	(4.4)	(14.8)	(12.9)
Property and equipment purchased	(1.2)	(1.3)	(4.8)	(3.2)
Dividends paid to redeemable preferred securities holders	-	-	(66.6)	-
	0.6	(0.8)	60.3	108.4
Less amount attributable to non-controlling interests	(1.2)	0.3	(24.6)	(42.1)
Free cash flow available to shareholders	(0.5)	(0.5)	35.7	66.3

Due to rounding, certain totals may not foot.

Comparative financial information amended to reflect the Combination as if it occurred before the start of the earliest period presented.

About Topicus.com Inc.

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

About Constellation Software Inc.

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

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SOURCE: TOPICUS.COM INC.

Topicus.com Inc.

Condensed Consolidated Interim Statements of Financial Position

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

Unaudited

	September 30, 2022	December 31, 2021	September 30, 2021
Assets			
Current assets:			
Cash	135,797	75,326	66,634
Accounts receivable	83,182	70,725	57,091
Unbilled revenue	44,335	32,592	29,688
Inventories	1,336	570	654
Other assets	35,413	21,776	25,005
	300,063	200,989	179,071
Non-current assets:			
Property and equipment	19,328	15,326	15,228
Right of use assets	56,854	54,382	52,644
Deferred income taxes	9,135	6,831	4,779
Other assets	16,439	6,655	4,810
Intangible assets	896,251	744,136	678,777
	998,007	827,330	756,239
Total assets	1,298,070	1,028,319	935,310
Liabilities and Shareholders' Equity			
Current liabilities:			
Topicus Revolving credit facility and current portion of term loans	156,945	46,489	40,092
Loan from CSI	33,707	29,116	-
Redeemable preferred securities	-	66,614	66,614
Accounts payable and accrued liabilities	139,581	135,993	104,637
Deferred revenue	152,486	82,179	106,082
Provisions	1,186	1,893	2,216
Acquisition holdback payables	14,527	8,876	5,811
Lease obligations	19,040	16,234	15,798
Income taxes payable	16,826	11,400	11,850
	534,299	398,794	353,100
Non-current liabilities:			
Term and other loans	106,201	96,113	95,961
Deferred income taxes	147,642	125,004	125,654
Acquisition holdback payables	2,578	945	485
Lease obligations	38,931	38,955	37,624
Other liabilities	23,879	12,877	11,855
	319,231	273,893	271,579
Total liabilities	853,530	672,687	624,679
Shareholders' Equity:			
Preferred shares	-	2,047,473	2,047,473
Capital stock	39,412	39,412	39,412
Other equity	-	(1,009,996)	(999,460)
Accumulated other comprehensive income (loss)	1,828	(380)	(834)
Retained earnings (deficit)	205,812	(1,782,113)	(1,794,229)
Non-controlling interests	197,488	1,061,236	1,018,267
	444,541	355,632	310,631

Total liabilities and shareholders' equity	1,298,070	1,028,319	935,310
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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.)

Unaudited

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Revenue				
License	6,409	4,638	18,294	15,777
Professional services	59,576	45,241	166,165	141,446
Hardware and other	2,039	1,143	6,573	3,986
Maintenance and other recurring	160,565	126,105	461,940	373,753
	228,589	177,126	652,972	534,961
Expenses				
Staff	128,687	95,908	364,392	291,452
Hardware	1,575	738	3,809	2,030
Third party license, maintenance and professional services	18,602	17,311	54,701	53,100
Occupancy	2,039	1,260	5,379	4,075
Travel, telecommunications, supplies, software and equipment	8,399	4,717	22,947	13,670
Professional fees	3,960	3,394	11,536	8,361
Other, net	3,722	1,389	12,903	5,032
Depreciation	7,333	6,354	20,536	18,385
Amortization of intangible assets	28,905	21,026	77,894	62,054
	203,222	152,095	574,098	458,159
Redeemable preferred securities expense (income)	-	-	-	2,302,185
Impairment of intangible and other non-financial assets	-	-	-	1,600
Finance and other expenses (income)	1,700	2,161	3,380	8,069
	1,700	2,161	3,380	2,311,854
Income (loss) before income taxes	23,666	22,870	75,494	(2,235,051)
Current income tax expense (recovery)	11,934	9,552	34,198	28,464
Deferred income tax expense (recovery)	(6,690)	(4,778)	(17,584)	(14,260)
Income tax expense (recovery)	5,245	4,773	16,614	14,205
Net income (loss)	18,421	18,097	58,880	(2,249,256)
Net income (loss) attributable to:				
Equity holders of Topicus	11,834	7,422	35,931	(1,896,100)
Non-controlling interests	6,587	10,675	22,949	(353,156)
Net income (loss)	18,421	18,097	58,880	(2,249,256)
Weighted average shares				
Basic shares outstanding	80,477,481	79,282,821	80,168,445	57,851,780
Diluted shares outstanding	129,841,819	129,841,819	129,841,819	129,627,794
Earnings (loss) per common share of Topicus				
Basic	0.15	0.09	0.45	(32.78)
Diluted	0.15	0.09	0.45	(32.78)

Foreign currency translation differences from foreign operations and other, net of income tax	-	-	-	2,208	-	2,208	4,405	6,613
Total other comprehensive income (loss) for the period	-	-	-	2,208	-	2,208	4,405	6,613
Total comprehensive income (loss) for the period	-	-	-	2,208	35,931	38,138	27,354	65,493
Transactions with owners, recorded directly in equity								
Conversion of preferred shares to subordinate voting shares	(2,047,473)	-	2,047,473	-	-	-	-	-
Conversion of non-controlling interest preferred units to ordinary units and other movements in non-controlling interests	-	-	912,788	-	-	912,788	(912,788)	-
Net acquisition of non-controlling interest associated with business combinations and other movements	-	-	(23)	(0)	(166)	(189)	24,478	24,289
Reductions of non-controlling interest associated with disposals	-	-	-	-	-	-	(873)	(873)
Reclassification of other equity to retained earnings (deficit)	-	-	(1,950,242)	-	1,950,242	-	-	-
Exchange of Topicus Coop ordinary units held by non-controlling interests to subordinate voting shares of Topicus	-	-	-	-	1,919	1,919	(1,919)	-
Balance at September 30, 2022	-	39,412	-	1,828	205,812	247,052	197,488	444,541

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)			
Balance at January 1, 2021	-	39,412	-	(1,409)	138,572	176,575	88,106	264,680

*Total comprehensive income
(loss) for the period:*

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
Total other comprehensive income (loss) for the period	-	-	-	357	-	357	166	523
Total comprehensive income (loss) for the period	-	-	-	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	-	-	-	-	(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 September 30,
2021 **2,047,473** **39,412** **(999,460)** **(834)** **(1,794,229)** **(707,637)** **1,018,267** **310,631**

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.)

Unaudited

	Three months ended September		Nine months ended September	
	30, 2022	2021	30, 2022	2021
Cash flows from (used in) operating activities:				
Net income (loss)	18,421	18,097	58,880	(2,249,256)
Adjustments for:				
Depreciation	7,333	6,354	20,536	18,385
Amortization of intangible assets	28,905	21,026	77,894	62,054
Redeemable preferred securities expense (income)	-	-	-	2,302,185
Impairment of intangible and other non-financial assets	-	-	-	1,600
Finance and other expenses (income)	1,700	2,161	3,380	8,069
Income tax expense (recovery)	5,245	4,773	16,614	14,205
Change in non-cash operating assets and liabilities exclusive of effects of business combinations	(40,471)	(36,687)	8,517	4,760
Income taxes (paid) received	(10,211)	(7,231)	(30,884)	(28,341)
Net cash flows from (used in) operating activities	10,922	8,493	154,937	133,660
Cash flows from (used in) financing activities:				
Interest paid on lease obligations	(310)	(275)	(866)	(874)
Interest paid on other facilities	(3,430)	(3,319)	(7,417)	(5,861)
Increase (decrease) in Topicus Revolving Credit Facility	5,000	10,000	105,000	20,000
Proceeds from issuance of term and other loans	7,808	-	8,154	65,907
Increase (decrease) in loan from Vela Software Group	(7,904)	-	(1,817)	-
Contribution from Vela Software Group towards the acquisition of Subsurface	7,905	-	7,905	-
Repayments of term and other loans	(2,706)	(411)	(4,375)	(411)
Credit facility transaction costs	(145)	-	(145)	(2,397)
Payments of lease obligations	(5,203)	(4,438)	(14,777)	(12,946)
Other financing activities	(15)	-	(595)	-
Dividends paid to redeemable preferred securities holders	-	-	(66,614)	-
Dividends paid to common shareholders	-	-	-	(54,600)
Net cash flows from (used in) in financing activities	1,000	1,557	24,452	8,818
Cash flows from (used in) investing activities:				
Acquisition of businesses	(35,660)	(13,261)	(143,319)	(164,999)
Cash obtained with acquired businesses	9,872	5,240	37,484	19,486
Post-acquisition settlement payments, net of receipts	(8,869)	(366)	(11,300)	(11,373)
Receipt of additional subscription amount from the sellers of Topicus.com B.V.	-	-	-	27,589
Interest, dividends and other proceeds received	-	1,010	3,028	1,010
Property and equipment purchased	(1,197)	(1,258)	(4,810)	(3,191)
Net cash flows from (used in) investing activities	(35,853)	(8,634)	(118,918)	(131,479)
Effect of foreign currency on cash and cash equivalents				
	0	(0)	0	(0)
Increase (decrease) in cash	(23,931)	1,415	60,471	10,999

Cash, beginning of period	159,728	65,218	75,326	55,635
Cash, end of period	135,797	66,634	135,797	66,634