

Constellation Software Inc. and Topicus.Com Inc. Announce Results for Topicus.com Inc. for the First Quarter Ended March 31, 2022

TORONTO, May 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 first quarter ended March 31, 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 months ended March 31, 2022 and the accompanying notes, our Management's Discussion and Analysis for the three months ended March 31, 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.

Q1 2022 Headlines:

- Revenue increased 13% (3% organic growth) to €203.8 million compared to €179.6 million in Q1 2021.
- Net income increased to €20.4 million (€0.14 on a diluted per share basis) from a net loss net of €2,436.1 million (€52.40 on a diluted per share basis) primarily due to the €2,456.8 million redeemable preferred securities expense in Q1 2021.
- Acquisitions were completed for aggregate cash consideration of €13.2 million (which includes acquired cash). Deferred payments associated with these acquisitions have an estimated value of €5.7 million resulting in total consideration of €18.8 million.
- Cash flows from operations ("CFO") increased €16.2 million to €176.0 million compared to €159.8 million in Q1 2021 representing an increase of 10%.
- Free cash flow available to shareholders¹ ("FCFA2S") decreased €30.1 million to €61.4 million compared to €91.5 million in Q1 2021 representing a decrease of 33%.
- On January 31, 2022, a dividend was paid in cash on the Topicus Preferred Shares and Topicus Coop Preference Units in the aggregate amount of €66.6 million. Of this, €40.4 million was paid to CSI, €20.2 million was paid to the Joday Group and €6.0 million was paid to Ijssel B.V.
- On February 1, 2022, all of the issued and outstanding Topicus Preferred Shares and Topicus Coop Preference Units were converted to Topicus Subordinate Voting Shares and Topicus Coop Ordinary Units respectively.
- Subsequent to March 31, 2022, the Company completed or entered into agreements to acquire a number of businesses for aggregate cash consideration of €36.3 million (which includes acquired cash). Deferred payments associated with these acquisitions have an estimated value of €7.1 million resulting in total consideration of €43.4 million.
- On March 22, 2022, Topicus announced its intention to submit a public tender offer for the entire issued share capital of Sygnity S.A., a software company listed on the Warsaw Stock Exchange (WSE: SGN) at a price of PLN (Polish zloty) 12.00 per ordinary share. The public tender offer was submitted on April 11, 2022. The anticipated acquisition is subject to customary closing conditions, including operational control of the business by Topicus, and is expected to be completed by June 30, 2022.

Total revenue for the quarter ended March 31, 2022 was €203.8 million, an increase of 13%, or €24.2 million, compared to €179.6 million for the comparable period in 2021. The increase for the three-month period compared to the same period in the prior year is primarily attributable to growth from acquisitions as the Company experienced organic growth of 3%. 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 March 31, 2022 was €20.4 million compared to a net loss of €2,436.1 million for the same period in 2021. On a per share basis, this translated into net income per basic and diluted share of €0.14 in the quarter ended March 31, 2022 compared to a net loss per basic and diluted share of €52.40 for the same period in 2021. The net loss per basic and diluted share for the quarter ended March 31, 2021 primarily resulted from the €2,456.8 million redeemable preferred securities expense, €2,442.1 million of which is non-cash related.

For the quarter ended March 31, 2022, CFO increased €16.2 million to €176.0 million compared to €159.8 million for the same period in 2021 representing an increase of 10%.

For the quarter ended March 31, 2022, FCFA2S decreased €30.1 million to €61.4 million compared to €91.5 million for the same period in 2021 representing a decrease of 33%. The decline is primarily as a result of the dividend paid to the redeemable 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.

The change in the FCFA2S calculation to exclude dividends paid to redeemable preferred securities holders was as a result of the February 1, 2022 dividend paid on the preferred securities issued in conjunction with the acquisition of Topicus.com B.V. As of February 2, 2022 there are no outstanding preferred securities.

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 March 31, | |
|---|-------------------------------------|-------------|
| | <u>2022</u> | <u>2021</u> |
| | (€ in millions, except percentages) | |
| Net cash flows from operating activities | 176.0 | 159.8 |
| Adjusted for: | | |
| Interest paid on lease obligations | (0.3) | (0.2) |
| Interest paid on other facilities | (1.6) | (1.5) |
| Credit facility transaction costs | - | (2.2) |
| Payments of lease obligations | (4.5) | (4.3) |
| Property and equipment purchased | (2.0) | (0.8) |
| Dividends paid to redeemable preferred securities holders | (66.6) | - |
| | 101.1 | 150.7 |
| Less amount attributable to non-controlling interests | (39.6) | (59.2) |
| Free cash flow available to shareholders | 61.4 | 91.5 |

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.

1. See Non-IFRS measures.

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

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|------------------|----------------------|------------------|
| Assets | | | |
| Current assets: | | | |
| Cash | 217,049 | 75,326 | 86,278 |
| Accounts receivable | 89,916 | 70,725 | 71,079 |
| Unbilled revenue | 35,124 | 32,592 | 22,553 |
| Inventories | 687 | 570 | 568 |
| Other assets | 35,068 | 21,776 | 53,900 |
| | <u>377,844</u> | <u>200,989</u> | <u>234,377</u> |
| Non-current assets: | | | |
| Property and equipment | 15,776 | 15,326 | 15,797 |
| Right of use assets | 54,203 | 54,382 | 58,742 |
| Deferred income taxes | 7,064 | 6,831 | 5,035 |
| Other assets | 8,250 | 6,655 | 4,908 |
| Intangible assets | 741,528 | 744,136 | 710,942 |
| | <u>826,820</u> | <u>827,330</u> | <u>795,424</u> |
| Total assets | <u>1,204,665</u> | <u>1,028,319</u> | <u>1,029,801</u> |
| Liabilities and Shareholders' Equity | | | |
| Current liabilities: | | | |
| Revolving credit facility and current portion of term loans | 101,688 | 46,489 | 24,625 |
| Loan from CSI | - | 29,116 | - |
| Redeemable preferred securities | - | 66,614 | 3,694,452 |
| Accounts payable and accrued liabilities | 153,174 | 135,993 | 133,481 |
| Deferred revenue | 223,851 | 82,179 | 193,158 |
| Provisions | 1,444 | 1,893 | 1,198 |
| Acquisition holdback payables | 11,365 | 8,876 | 11,040 |
| Lease obligations | 16,747 | 16,234 | 15,676 |
| Income taxes payable | 12,687 | 11,400 | 14,520 |
| | <u>520,957</u> | <u>398,794</u> | <u>4,088,150</u> |
| Non-current liabilities: | | | |
| Term loans | 95,446 | 96,113 | 96,613 |
| Loan from CSI | 29,713 | - | - |
| Deferred income taxes | 125,378 | 125,004 | 139,751 |
| Acquisition holdback payables | 1,531 | 945 | - |
| Lease obligations | 38,279 | 38,955 | 44,194 |
| Other liabilities | 16,185 | 12,877 | 10,014 |
| | <u>306,532</u> | <u>273,893</u> | <u>290,573</u> |
| Total liabilities | <u>827,490</u> | <u>672,687</u> | <u>4,378,723</u> |
| Shareholders' Equity: | | | |
| Preferred shares | - | 2,047,473 | - |

| | | | |
|---|---------|-------------|-------------|
| Capital stock | 39,412 | 39,412 | 39,412 |
| Other equity | - | (1,009,996) | (991,700) |
| Accumulated other comprehensive income (loss) | 261 | (380) | (899) |
| Retained earnings (deficit) | 179,646 | (1,782,113) | (1,962,757) |
| Non-controlling interests | 157,855 | 1,061,236 | (432,979) |
| | 377,175 | 355,632 | (3,348,921) |

| | | | |
|--|-----------|-----------|-----------|
| Total liabilities and shareholders' equity | 1,204,665 | 1,028,319 | 1,029,801 |
|--|-----------|-----------|-----------|

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 March 31, | |
|--|------------------------------|-------------|
| | 2022 | 2021 |
| Revenue | | |
| License | 5,467 | 4,930 |
| Professional services | 50,108 | 48,589 |
| Hardware and other | 2,242 | 1,345 |
| Maintenance and other recurring | 145,949 | 124,733 |
| | 203,767 | 179,596 |
| Expenses | | |
| Staff | 111,895 | 98,817 |
| Hardware | 719 | 634 |
| Third party license, maintenance and professional services | 17,475 | 15,721 |
| Occupancy | 1,537 | 1,373 |
| Travel, telecommunications, supplies, software and equipment | 6,098 | 4,212 |
| Professional fees | 3,797 | 2,520 |
| Other, net | 4,419 | 1,422 |
| Depreciation | 6,195 | 6,231 |
| Amortization of intangible assets | 22,978 | 20,411 |
| | 175,112 | 151,341 |
| Redeemable preferred securities expense (income) | - | 2,456,796 |
| Finance and other expenses (income) | 1,731 | 3,018 |
| | 1,731 | 2,459,814 |
| Income (loss) before income taxes | 26,924 | (2,431,559) |
| Current income tax expense (recovery) | 11,222 | 10,363 |
| Deferred income tax expense (recovery) | (4,657) | (5,788) |
| Income tax expense (recovery) | 6,565 | 4,575 |
| Net income (loss) | 20,359 | (2,436,134) |
| Net income (loss) attributable to: | | |
| Equity holders of Topicus | 11,571 | (2,065,123) |
| Non-controlling interests | 8,788 | (371,011) |
| Net income (loss) | 20,359 | (2,436,134) |
| Weighted average shares | | |
| Basic shares outstanding | 79,924,764 | 39,412,386 |
| Diluted shares outstanding | 129,841,819 | 129,322,452 |

| | | |
|---|------|---------|
| Earnings (loss) per common share of Topicus | | |
| Basic | 0.14 | (52.40) |
| Diluted | 0.14 | (52.40) |

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 months ended March 31, | |
|--|------------------------------|-------------|
| | 2022 | 2021 |
| Net income (loss) | 20,359 | (2,436,134) |
| Items that are or may be reclassified subsequently to net income (loss): | | |
| Foreign currency translation differences from foreign operations and other | 1,427 | 607 |
| Other comprehensive (loss) income for the period, net of income tax | 1,427 | 607 |
| Total comprehensive income (loss) for the period | 21,786 | (2,435,528) |
| Total other comprehensive income (loss) attributable to: | | |
| Equity holders of Topicus | 631 | 413 |
| Non-controlling interests | 796 | 194 |
| Total other comprehensive income (loss) | 1,427 | 607 |
| Total comprehensive income (loss) attributable to: | | |
| Equity holders of Topicus | 12,202 | (2,064,711) |
| Non-controlling interests | 9,584 | (370,817) |
| Total comprehensive income (loss) | 21,786 | (2,435,528) |

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

Three months ended March 31, 2022

| | 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, 2022 | 2,047,473 | 39,412 | (1,009,996) | (380) | (1,782,113) | (705,604) | 1,061,236 | 355,632 |

Total comprehensive income (loss) for the period:

| | | | | | | | | |
|-------------------|---|---|---|---|--------|--------|-------|--------|
| Net income (loss) | - | - | - | - | 11,571 | 11,571 | 8,788 | 20,359 |
|-------------------|---|---|---|---|--------|--------|-------|--------|

| | | | | | | | | |
|--|---|---|---|------------|--------------------|--------------------|------------------|--------------------|
| Foreign currency translation differences from foreign operations and other | - | - | - | 413 | - | 413 | 194 | 607 |
| Total other comprehensive income (loss) for the period | - | - | - | 413 | - | 413 | 194 | 607 |
| Total comprehensive income (loss) for the period | - | - | - | 413 | (2,065,123) | (2,064,711) | (370,817) | (2,435,528) |

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) | 220 | 191 | 2,602 | 2,793 |
| Issuance of redeemable preferred securities | - | | (1,001,469) | - | | (1,001,469) | (124,797) | (1,126,267) |
| Dividends to shareholders of the Company | - | - | - | | (36,425) | (36,425) | (18,175) | (54,600) |
| Balance at March 31, 2021 | - | 39,412 | (991,700) | (899) | (1,962,757) | (2,915,943) | (432,979) | (3,348,921) |

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 March 31, | |
|---|------------------------------|-------------|
| | 2022 | 2021 |
| Cash flows from (used in) operating activities: | | |
| Net income (loss) | 20,359 | (2,436,134) |
| Adjustments for: | | |
| Depreciation | 6,195 | 6,231 |
| Amortization of intangible assets | 22,978 | 20,411 |
| Redeemable preferred securities expense (income) | - | 2,456,796 |
| Finance and other expenses (income) | 1,731 | 3,018 |
| Income tax expense (recovery) | 6,565 | 4,575 |
| Change in non-cash operating assets and liabilities exclusive of effects of business combinations | 128,627 | 112,914 |
| Income taxes (paid) received | (10,418) | (8,008) |
| Net cash flows from (used in) operating activities | 176,037 | 159,803 |
| Cash flows from (used in) financing activities: | | |
| Interest paid on lease obligations | (280) | (203) |
| Interest paid on other facilities | (1,555) | (1,550) |
| Increase (decrease) in revolving credit facility | 55,000 | 5,032 |
| Proceeds from issuance of term loans | 346 | 65,843 |

| | | |
|---|----------|-----------|
| Increase (decrease) in loan from Vela Software Group | (1,817) | - |
| Repayments of term loans | (617) | - |
| Credit facility transaction costs | - | (2,245) |
| Payments of lease obligations | (4,511) | (4,323) |
| 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 | (20,048) | 7,954 |
| Cash flows from (used in) investing activities: | | |
| Acquisition of businesses | (13,158) | (146,648) |
| Cash obtained with acquired businesses | 2,677 | 14,968 |
| Post-acquisition settlement payments, net of receipts | (1,760) | (4,668) |
| Property and equipment purchased | (2,026) | (766) |
| Net cash flows from (used in) investing activities | (14,267) | (137,115) |
| Effect of foreign currency on cash and cash equivalents | (0) | (0) |
| Increase (decrease) in cash | 141,722 | 30,643 |
| Cash, beginning of period | 75,326 | 55,635 |
| Cash, end of period | 217,049 | 86,278 |