Constellation Software Inc. and Topicus.Com Inc. Announce Results for Topicus.com Inc. for the Third Quarter Ended September 30, 2023

TORONTO, Nov. 02, 2023 -- 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, 2023. 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, 2023 and the accompanying notes, our Management's Discussion and Analysis for the three and nine months ended September 30, 2023 and the Annual Consolidated Financial Statements of Topicus.com Inc. for the year ended December 31, 2022, 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, 2022, which can be found on SEDAR at www.sedarplus.ca and on Topicus.com Inc.'s website www.topicus.com. Additional information about Topicus.com Inc. is also available on SEDAR at www.sedarplus.ca.

Q3 2023 Headlines:

- Revenue increased 22% (8% organic growth) to €278.8 million compared to €228.6 million in Q3 2022.
- Net income increased to €28.3 million (€0.22 on a diluted per share basis) from €18.4 million (€0.15 on a diluted per share basis).
- Acquisitions were completed for aggregate cash consideration of €7.2 million (which includes acquired cash). Deferred payments associated with these acquisitions have an estimated value of €0.2 million resulting in total consideration of €7.4 million.
- Cash flows from operations ("CFO") increased €14.6 million to €25.5 million compared to €10.9 million in Q3 2022 representing an increase of 134%.
- Free cash flow available to shareholders[1] ("FCFA2S") increased €7.0 million to €6.5 million compared to negative €0.5 million in Q3 2022.

Total revenue for the quarter ended September 30, 2023 was €278.8 million, an increase of 22%, or €50.2 million, compared to €228.6 million for the comparable period in 2022. For the first nine months of 2023 total revenues were €815.3 million, an increase of 25%, or €162.4 million, compared to €653.0 million for the comparable period in 2022. 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 8% and 7%. 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, 2023 increased €9.9 million to €28.3 million compared to €18.4 million for the same period in 2022. On a per share basis, this translated into net income per basic and diluted share of €0.22 in the quarter ended September 30, 2023 compared to net income per basic and diluted share of €0.15 for the same period in 2022. For the nine months ended September 30, 2023 net income increased €14.0 million to €72.9 million compared to €58.9 million for the same period in 2022. On a per share basis, this translated into net income per basic and diluted share of €0.57 in the nine months ended September 30, 2023 compared to €0.45 for the same period in 2022.

For the quarter ended September 30, 2023, CFO were €25.5 million compared to €10.9 million for the same period in 2022 representing an increase of 134%. 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. A longer collection cycle for the Q1 invoiced amounts in 2023 as compared to 2022 is the primary reason for the large Q3 increase. For the nine months ended September 30, 2023, CFO increased €29.2 million to €184.1 million compared to €154.9 million for the same period in 2022 representing an increase of 19%.

For the quarter ended September 30, 2023, FCFA2S was €6.5 million compared to negative €0.5 million for the same period in 2022. For the nine months ended September 30, 2023, FCFA2S increased €58.8 million to €94.5 million compared to €35.7 million for the same period in 2022 representing an increase of 165%. The increase for the nine month period is primarily as a result of the dividend paid to the Preferred Securities holders during the quarter ended March 31, 2022. Excluding the dividend, FCFA2S increased €18.4 million or 24% for the nine months ended September 30, 2023.

1. See Non-IFRS measures.

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, and the proceeds from sale of interest rate caps. 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,	
	2023	2022	2023	2022
	(€ in millions)		(€ in millions)	
Net cash flows from operating activities	25.5	10.9	184.1	154.9
Adjusted for:				
Interest paid on lease obligations	(0.4)	(0.3)	(1.0)	(0.9)
Interest paid on other facilities	(4.8)	(3.4)	(11.4)	(7.4)
Proceeds from sale of interest rate cap	(0.7)	-	4.8	-
Credit facility transaction costs	-	(0.1)	(0.2)	(0.1)
Payments of lease obligations	(5.5)	(5.2)	(16.3)	(14.8)
Property and equipment purchased	(1.4)	(1.2)	(5.2)	(4.8)
Dividends paid to redeemable preferred securities holders	-	-	-	(66.6)
	12.8	0.6	154.8	60.3
Less amount attributable to non-controlling interests	(6.3)	(1.2)	(60.3)	(24.6)
Free cash flow available to shareholders	6.5	(0.5)	94.5	35.7

Due to rounding, certain totals may not foot.

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, 2023	December 31, 2022	September 30, 2022
Assets			
Current assets:			
Cash	161,707	136,772	135,797
Accounts receivable	114,818	95,790	83,182
Unbilled revenue	48,132	41,036	44,335
Inventories	4,797	1,419	1,336
Other assets	59,685	34,778	35,413
	389,139	309,795	300,063
Non-current assets:			
Property and equipment	19,437	19,579	19,328
Right of use assets	55,631	54,412	56,854
Deferred income taxes	5,148	19,978	9,135
Other assets	13,540	17,030	16,439
Intangible assets	917,219	874,000	896,251
	1,010,976	984,999	998,007
Total assets	1,400,115	1,294,794	1,298,070
Liabilities and Shareholders' Equity			
Current liabilities:			
Topicus Revolving Credit Facility and current portion of term and other loans	175,845	201,275	156,945
Loan from CSI	-	30,867	33,707
Accounts payable and accrued liabilities	172,183	174,824	139,581
Deferred revenue	179,833	116,989	152,486
Provisions	1,208	1,884	1,186
Acquisition holdback payables	9,875	14,009	14,527
Lease obligations	19,055	18,824	19,040
Income taxes payable	19,689	11,467	16,826
	577,688	570,141	534,299
Non-current liabilities:			
Term and other loans	65,468	41,280	106,201
Deferred income taxes	138,752	150,521	147,642
Acquisition holdback payables	1,529	2,316	2,578
Lease obligations	37,665	36,634	38,931
Other liabilities	26,787	26,118	23,879
	270,201	256,869	319,231
Total liabilities	847,889	827,009	853,530
Shareholders' Equity:			
Capital stock	39,412	39,412	39,412
Accumulated other comprehensive income (loss)	839	(232)	1,828
Retained earnings (deficit)	273,519	226,919	205,812
Non-controlling interests	238,456	201,685	197,488
	552,226	467,784	444,541
Total liabilities and shareholders' equity	1,400,115	1,294,794	1,298,070

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,	
	2023	2022	2023	2022
Revenue				
License	7,513	6,409	22,338	18,294
Professional services	72,104	59,576	213,418	166,165
Hardware and other	3,906	2,039	10,291	6,573
Maintenance and other recurring	195,286	160,565	569,276	461,940
	278,810	228,589	815,322	652,972
Expenses				
Staff	152,862	128,687	458,811	364,392
Hardware	2,988	1,575	7,111	3,809
Third party license, maintenance and professional services	22,265	18,602	64,153	54,701
Occupancy	679	2,039	5,705	5,379
Travel, telecommunications, supplies, software and equipment	11,140	8,399	31,407	22,947
Professional fees	3,815	3,960	12,653	11,536
Other, net	3,303	3,722	10,481	12,903
Depreciation	7,718	7,333	22,708	20,536
Amortization of intangible assets	31,874	28,905	89,820	77,894
	236,644	203,222	702,848	574,098
Finance and other expenses (income)	5,308	1,700	14,705	3,380
	5,308	1,700	14,705	3,380
Income (loss) before income taxes	36,857	23,666	97,769	75,494
Current income tax expense (recovery)	14,317	11,934	41,543	34,198
Deferred income tax expense (recovery)	(5,805)	(6,690)	(16,699)	(17,584)
Income tax expense (recovery)	8,512	5,245	24,844	16,614
Net income (loss)	28,345	18,421	72,926	58,880
Net income (loss) attributable to:				
Equity holders of Topicus	17,983	11,834	46,455	35,931
Non-controlling interests	10,362	6,587	26,471	22,949
Net income (loss)	28,345	18,421	72,926	58,880
Weighted average shares				
Basic shares outstanding	81,889,764	80,477,481	81,889,764	80,168,445
Diluted shares outstanding	129,841,819	129,841,819	129,841,819	129,841,819
Earnings (loss) per common share of Topicus				
Basic	0.22	0.15	0.57	0.45
Diluted	0.22	0.15	0.57	0.45

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.)

Unaudited

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net income (loss)	28,345	18,421	72,926	58,880
Items that are or may be reclassified subsequently to net income (loss):				
Foreign currency translation differences from foreign operations and other	481	1,742	2,684	6,613
Other comprehensive (loss) income for the period, net of income tax	481	1,742	2,684	6,613
Total comprehensive income (loss) for the period	28,826	20,164	75,610	65,493
Total other comprehensive income (loss) attributable to:				
Equity holders of Topicus	(5)	252	1,078	2,208
Non-controlling interests	486	1,490	1,606	4,405
Total other comprehensive income (loss)	481	1,742	2,684	6,613
Total comprehensive income (loss) attributable to:				
Equity holders of Topicus	17,978	12,086	47,533	38,138
Non-controlling interests	10,848	8,078	28,076	27,354
Total comprehensive income (loss)	28,826	20,164	75,610	65,493

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, 2023

	Attributable to equity holders of Topicus							
	Preferred Shares	**Capital Stock**	**Other equity**	**Accumulated other comprehensive (loss) income**	**Retained earnings (Deficit)**	**Total**	**Non-controlling interests**	**Total equity**
Balance at January 1, 2023	**-**	**39,412**	**-**	**(232)**	**226,919**	**266,099**	**201,685**	**467,784**
Total comprehensive income (loss) for the period:								
Net income (loss)	-	-	-	-	46,455	46,455	26,471	72,926
Other comprehensive income (loss)								
Foreign currency translation differences from foreign operations and other, net of income tax	-	-	-	1,078	-	1,078	1,606	2,684
Total other comprehensive income (loss) for the period	**-**	**-**	**-**	**1,078**	**-**	**1,078**	**1,606**	**2,684**
Total comprehensive income								

(loss) for the period	**-**	**-**	**-**	**1,078**	**46,455**	**47,533**	**28,076**	**75,610**
Transactions with owners, recorded directly in equity								
Other movements in non-controlling interests and equity	-	-	-	(7)	144	138	(196)	(58)
Contribution by non-controlling interests	-	-	-	-	-	-	9,617	9,617
Dividends paid to non-controlling interests	-	-	-	-	-	-	(726)	(726)
Balance at September 30, 2023	**-**	**39,412**	**-**	**839**	**273,519**	**313,770**	**238,456**	**552,226**

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, 2022

	Attributable to equity holders of Topicus							
	Preferred Shares	**Capital Stock**	**Other equity**	**Accumulated other comprehensive (loss) income**	**Retained earnings (deficit)**	**Total**	**Non-controlling interests**	**Total equity**
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)	-	-	-	-	35,931	35,931	22,949	58,880
Other comprehensive income (loss)								
Foreign currency translation differences from foreign operations and other	-	-	-	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	-	-	(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 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 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Cash flows from (used in) operating activities:				
Net income (loss)	28,345	18,421	72,926	58,880
Adjustments for:				
Depreciation	7,718	7,333	22,708	20,536
Amortization of intangible assets	31,874	28,905	89,820	77,894
Finance and other expenses (income)	5,308	1,700	14,705	3,380
Income tax expense (recovery)	8,512	5,245	24,844	16,614
Change in non-cash operating assets and liabilities exclusive of effects of business combinations	(42,776)	(40,471)	(1,642)	8,517
Income taxes (paid) received	(13,463)	(10,211)	(39,216)	(30,884)
Net cash flows from (used in) operating activities	25,518	10,922	184,145	154,937
Cash flows from (used in) financing activities:				
Interest paid on lease obligations	(375)	(310)	(1,029)	(866)
Interest paid on other facilities	(4,801)	(3,430)	(11,366)	(7,417)
Proceeds from sale of interest rate cap	(707)	-	4,809	-
Net increase (decrease) in Topicus Revolving Credit Facility	5,000	5,000	40,000	105,000
Proceeds from issuance of term and other loans	4,954	7,808	31,172	8,154
Repayment of loan from CSI	(29,878)	-	(29,878)	-
Increase (decrease) in loan from Vela Software Group	1,810	(7,904)	1,342	(1,817)
Contribution from Vela Software Group into GeoSoftware and Geoactive	9,617	-	9,617	-
Contribution from Vela Software Group towards the				

acquisition of Geoactive	-	7,905	-	7,905
Repayments of term and other loans	(4,232)	(2,706)	(77,173)	(4,375)
Credit facility transaction costs	-	(145)	(238)	(145)
Payments of lease obligations	(5,475)	(5,203)	(16,280)	(14,777)
Other financing activities	(24)	(15)	(24)	(595)
Dividends to non-controlling interests	-	-	(726)	-
Dividends paid to redeemable preferred securities holders	-	-	-	(66,614)
Net cash flows from (used in) in financing activities	(24,112)	1,000	(49,775)	24,452
Cash flows from (used in) investing activities:				
Acquisition of businesses	(7,190)	(35,660)	(95,238)	(143,319)
Cash obtained with acquired businesses	1,443	9,872	7,026	37,484
Post-acquisition settlement payments, net of receipts	(4,845)	(8,869)	(15,900)	(11,300)
Interest, dividends and other proceeds received	-	-	-	3,028
Property and equipment purchased	(1,381)	(1,197)	(5,249)	(4,810)
Net cash flows from (used in) investing activities	(11,973)	(35,853)	(109,362)	(118,918)
Effect of foreign currency on cash and cash equivalents	(41)	0	(73)	0
Increase (decrease) in cash	(10,608)	(23,931)	24,935	60,471
Cash, beginning of period	172,315	159,728	136,772	75,326
Cash, end of period	161,707	135,797	161,707	135,797