

Consolidated Financial Statements
(In euros)

Topicus.com Inc.

For the years ended December 31, 2022 and 2021



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Topicus.com Inc.,

Opinion

We have audited the consolidated financial statements of Topicus.com Inc. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2022 and December 31, 2021
- the consolidated statements of income (loss) for the years then ended
- the consolidated statements of comprehensive income (loss) for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2022 and December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Financial Statements*" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.



Evaluation of the acquisition-date fair values of intangible assets related to the business acquisition of Sygnity S.A.

Description of the matter

We draw attention to Notes 2(d) and 4 to the financial statements. On May 16, 2022, the Entity acquired a controlling interest of 72.68% in Sygnity S.A. ("Sygnity"), a company based in Poland. The remaining 27.32% represents non-controlling interest. On the acquisition date, the Entity recorded technology assets of EUR 13,260 thousand and customer assets of EUR 47,387 thousand. The Entity estimates the fair value of technology and customer relationships acquired in a business combination based on the income approach. The income approach is a valuation technique that calculates the fair value of an intangible asset based on the present value of future cash flows that the asset can be expected to generate over its remaining useful life. For significant business combinations, significant estimates and judgments including future net cashflows, royalty rates, and discount rates are used to estimate the fair value of the acquired intangible assets.

Why the matter is a key audit matter

We identified the evaluation of the acquisition-date fair values of intangible assets related to the business acquisition of Sygnity S.A. as a key audit matter. Significant auditor judgment was required in evaluating the Entity's determination of the fair value of the intangible assets at the acquisition date. In addition, there was a significant risk of material misstatement because the discounted cash flow model associated with the valuation of intangible assets included significant assumptions for which there was limited observable market information. The fair value of the intangible assets was sensitive to possible changes to these significant assumptions.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter.

We evaluated the appropriateness of the future net cash flow assumptions used to determine the fair value of intangible assets in the valuation model by comparing the future net cash flows to historical results.

We evaluated the royalty rates assumption used in the valuation model by comparing to publicly available data for comparable companies, and industry and market data.

We involved valuation professionals with specialized skills and knowledge, who assisted with the:

- Evaluation of the appropriateness of the valuation approaches used by the Entity to calculate the fair value of the intangible assets at the acquisition date
- Evaluation of the appropriateness of the discount rate, by comparing the Entity's inputs against a discount rate range that was independently developed using publicly available market data for comparable companies.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.



We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants
The engagement partner on the audit resulting in this auditor's report is Samir Kabbani.

Toronto, Canada
February 7, 2023

Topicus.com Inc.

Consolidated Statements of Financial Position

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

	December 31, 2022	December 31, 2021
Assets		
Current assets:		
Cash	136,772	75,326
Accounts receivable (notes 20 and 26)	95,790	70,725
Unbilled revenue (note 21)	41,036	32,592
Inventories	1,419	570
Other assets (note 5)	34,778	21,776
	<u>309,795</u>	<u>200,989</u>
Non-current assets:		
Property and equipment (note 6)	19,579	15,326
Right of use assets (note 7)	54,412	54,382
Deferred income taxes (note 15)	19,978	6,831
Other assets (note 5)	17,030	6,655
Intangible assets (note 8)	874,000	744,136
	<u>984,999</u>	<u>827,330</u>
Total assets	1,294,794	1,028,319
Liabilities and Shareholders' Equity		
Current liabilities:		
Topicus Revolving Credit Facility and current portion of term loans (note 9 and 10)	201,275	46,489
Loan from CSI (note 26)	30,867	29,116
Redeemable preferred securities (note 11)	-	66,614
Accounts payable and accrued liabilities (note 26)	174,824	135,993
Deferred revenue (note 21)	116,989	82,179
Provisions (note 12)	1,884	1,893
Acquisition holdback payables	14,009	8,876
Lease obligations (note 13)	18,824	16,234
Income taxes payable (note 14)	11,467	11,400
	<u>570,141</u>	<u>398,794</u>
Non-current liabilities:		
Term and other loans (note 10)	41,280	96,113
Deferred income taxes (note 15)	150,521	125,004
Acquisition holdback payables	2,316	945
Lease obligations	36,634	38,955
Other liabilities (note 5)	26,118	12,877
	<u>256,869</u>	<u>273,893</u>
Total liabilities	827,009	672,687
Shareholders' Equity:		
Preferred shares (note 11)	-	2,047,473
Capital stock (note 16)	39,412	39,412
Other equity	-	(1,009,996)
Accumulated other comprehensive income (loss)	(232)	(380)
Retained earnings (deficit)	226,919	(1,782,113)
Non-controlling interests (note 27)	201,685	1,061,236
	<u>467,784</u>	<u>355,632</u>
Subsequent events (note 28)		
Total liabilities and shareholders' equity	1,294,794	1,028,319

See accompanying notes to the consolidated financial statements.

Topicus.com Inc.

Consolidated Statements of Income (Loss)

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

	Year ended December 31,	
	2022	2021
Revenue		
License	31,745	26,709
Professional services	239,674	196,565
Hardware and other	10,553	6,189
Maintenance and other recurring	634,710	513,078
	916,681	742,541
Expenses		
Staff	508,721	398,171
Hardware	5,831	2,985
Third party license, maintenance and professional services	76,577	72,027
Occupancy	7,649	5,665
Travel, telecommunications, supplies, software and equipment	32,807	20,383
Professional fees	16,206	12,956
Other, net	20,463	6,788
Depreciation (note 6 and 7)	27,866	24,603
Amortization of intangible assets (note 8)	107,078	85,060
	803,195	628,640
Redeemable preferred securities expense (income) (note 11)	-	2,302,185
Impairment of intangible and other non-financial assets (note 8)	-	1,600
Finance and other expenses (income) (note 17)	9,068	10,748
	9,068	2,314,533
Income (loss) before income taxes	104,418	(2,200,632)
Current income tax expense (recovery) (note 14)	43,859	39,494
Deferred income tax expense (recovery) (notes 14 and 15)	(27,051)	(17,894)
Income tax expense (recovery)	16,808	21,600
Net income (loss)	87,610	(2,222,233)
Net income (loss) attributable to:		
Equity holders of Topicus (note 27)	52,928	(1,884,042)
Non-controlling interests (note 27)	34,682	(338,191)
Net income (loss)	87,610	(2,222,233)
Weighted average shares (note 18)		
Basic shares outstanding	80,488,504	63,318,650
Diluted shares outstanding	129,841,819	129,681,740
Earnings (loss) per common share of Topicus (note 18)		
Basic	0.66	(30.16)
Diluted	0.66	(30.16)

See accompanying notes to the consolidated financial statements.

Topicus.com Inc.

Consolidated Statements of Comprehensive Income (Loss)

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

	Year ended December 31,	
	2022	2021
Net income (loss)	87,610	(2,222,233)
Items that are or may be reclassified subsequently to net income (loss):		
Foreign currency translation differences from foreign operations and other	1,264	1,427
Other comprehensive (loss) income for the year, net of income tax	1,264	1,427
Total comprehensive income (loss) for the year	88,874	(2,220,806)
Total other comprehensive income (loss) attributable to:		
Equity holders of Topicus	148	635
Non-controlling interests	1,116	792
Total other comprehensive income (loss)	1,264	1,427
Total comprehensive income (loss) attributable to:		
Equity holders of Topicus	53,075	(1,883,407)
Non-controlling interests	35,798	(337,399)
Total comprehensive income (loss)	88,874	(2,220,806)

See accompanying notes to the consolidated financial statements.

Topicus.com Inc.

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

Year ended December 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
<i>Total comprehensive income (loss) for the year:</i>								
Net income (loss)	-	-	-	-	52,928	52,928	34,682	87,610
<i>Other comprehensive income (loss)</i>								
Foreign currency translation differences from foreign operations and other, net of income tax	-	-	-	148	-	148	1,116	1,264
Total other comprehensive income (loss) for the year	-	-	-	148	-	148	1,116	1,264
Total comprehensive income (loss) for the year	-	-	-	148	52,928	53,075	35,798	88,874
Transactions with owners, recorded directly in equity								
Conversion of preferred shares to subordinate voting shares (note 11)	(2,047,473)	-	2,047,473	-	-	-	-	-
Conversion of non-controlling interest preferred units to ordinary units and other movements in non-controlling interests (note 11)	-	-	912,788	-	-	912,788	(912,788)	-
Net acquisition of non-controlling interest associated with business combinations and other movements	-	-	(23)	(0)	(166)	(189)	24,341	24,152
Reductions of non-controlling interest associated with disposals	-	-	-	-	-	-	(873)	(873)
Reclassification of other equity to retained earnings (deficit) (note 11)	-	-	(1,950,242)	-	1,950,242	-	-	-
Exchange of Topicus Coop ordinary units held by non-controlling interests to subordinate voting shares of Topicus	-	-	-	-	6,029	6,029	(6,029)	-
Balance at December 31, 2022	-	39,412	-	(232)	226,919	266,099	201,685	467,784

See accompanying notes to the consolidated financial statements.

Topicus.com Inc.

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

Year ended December 31, 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 year:</i>								
Net income (loss)	-	-	-	-	(1,884,042)	(1,884,042)	(338,191)	(2,222,233)
<i>Other comprehensive income (loss)</i>								
Foreign currency translation differences from foreign operations and other	-	-	-	635	-	635	792	1,427
Total other comprehensive income (loss) for the year	-	-	-	635	-	635	792	1,427
Total comprehensive income (loss) for the year	-	-	-	635	(1,884,042)	(1,883,407)	(337,399)	(2,220,806)
<i>Transactions with owners, recorded directly in equity</i>								
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	-	-	-	267	(218)	49	1,399	1,448
Issuance of Redeemable preferred securities	-	-	(1,001,469)	-	-	(1,001,469)	(124,797)	(1,126,267)
Dividends to common shareholders of the Company (note 16)	-	-	-	-	(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	-	-	(18,297)	-	-	(18,297)	18,297	-
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)
Issuance of equity of a subsidiary in conjunction with the acquisition of Geosoftware	-	-	-	-	-	-	17,950	17,950
Balance at December 31, 2021	2,047,473	39,412	(1,009,996)	(380)	(1,782,113)	(705,604)	1,061,236	355,632

See accompanying notes to the consolidated financial statements.

Topicus.com Inc.

Consolidated Statements of Cash Flows

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

	Year ended December 31,	
	2022	2021
Cash flows from (used in) operating activities:		
Net income (loss)	87,610	(2,222,233)
Adjustments for:		
Depreciation	27,866	24,603
Amortization of intangible assets	107,078	85,060
Redeemable preferred securities expense (income) (note 11)	-	2,302,185
Impairment of intangible and other non-financial assets (note 8)	-	1,600
Finance and other expenses (income)	9,068	10,748
Income tax expense (recovery)	16,808	21,600
Change in non-cash operating assets and liabilities exclusive of effects of business combinations (note 25)	504	(8,044)
Income taxes (paid) received	(45,925)	(39,098)
Net cash flows from (used in) operating activities	203,008	176,423
Cash flows from (used in) financing activities:		
Interest paid on lease obligations	(1,171)	(1,159)
Interest paid on other facilities	(11,847)	(7,875)
Net increase (decrease) in Topicus Revolving Credit Facility	85,000	25,000
Proceeds from issuance of term and other loans	8,592	67,227
Proceeds from issuance of loan from CSI (note 26)	-	28,362
Increase (decrease) in loan from Vela Software Group (note 26)	(1,817)	2,207
Contribution from Vela Software Group towards the acquisition of Geosoftware (note 26)	-	17,950
Contribution from Vela Software Group towards the acquisition of Subsurface (note 4 and 26)	7,905	-
Repayments of term and other loans	(4,375)	(411)
Credit facility transaction costs	(3,207)	(2,548)
Payments of lease obligations	(20,025)	(17,459)
Other financing activities	(595)	-
Dividends paid to redeemable preferred securities holders (note 11)	(66,614)	-
Dividends paid to common shareholders	-	(54,600)
Net cash flows from (used in) in financing activities	(8,155)	56,694
Cash flows from (used in) investing activities:		
Acquisition of businesses (note 4)	(153,828)	(241,507)
Cash obtained with acquired businesses (note 4)	38,126	19,929
Post-acquisition settlement payments, net of receipts	(13,430)	(15,061)
Receipt of additional subscription amount from the sellers of Topicus.com B.V.	-	27,589
Interest, dividends and other proceeds received	3,028	1,010
Property and equipment purchased	(7,303)	(5,385)
Net cash flows from (used in) investing activities	(133,407)	(213,425)
Effect of foreign currency on cash and cash equivalents	0	0
Increase (decrease) in cash	61,445	19,692
Cash, beginning of year	75,326	55,635
Cash, end of year	136,772	75,326

See accompanying notes to the consolidated financial statements.

TOPICUS.COM INC.

Notes to Consolidated Financial Statements

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

(Due to rounding, numbers presented may not foot.)

Years ended December 31, 2022 and 2021

Notes to the consolidated financial statements

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TOPICUS.COM INC.

Notes to Consolidated Financial Statements

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

(Due to rounding, numbers presented may not foot.)

Years ended December 31, 2022 and 2021

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 recorded the Combination at carrying value of the net assets recorded in the financial statements of Topicus Coop.

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").

On February 1, 2022, the Topicus Preferred Shares (note 11) and Topicus Coop Preferred Units (note 11) were converted to Topicus Subordinate Voting Shares and Topicus Coop Ordinary Units respectively.

The consolidated financial statements of Topicus as at and for the years ended December 31, 2022 and December 31, 2021 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 63.07% in Topicus Coop with 36.93% 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), issued and outstanding as of February 7, 2023, the date the board of directors approved such financial statements.

(b) Basis of measurement

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

TOPICUS.COM INC.

Notes to Consolidated Financial Statements

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

(Due to rounding, numbers presented may not foot.)

Years ended December 31, 2022 and 2021

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of the consolidated 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. 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.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 3(a)(i) - Business combinations

Note 3(m) - Income taxes

Note 3(d) - Intangible assets

Note 23 - Contingencies

Critical judgements that the Company has made in the process of applying accounting policies disclosed herein and that have a significant effect on the amounts recognized in the consolidated financial statements relate to (i) Business combinations; (ii) recognition of deferred tax assets; and (iii) contingent consideration liabilities.

- Business Combinations - Estimates and judgments are used when allocating the purchase price to the fair value of acquired net assets (specifically to the acquired technology asset and customer relationship asset) in business combinations. The Company estimates the fair value of technology and customer relationships acquired in a business combination based on the income approach. The income approach is a valuation technique that calculates the fair value of an intangible asset based on the present value of future cash flows that the asset can be expected to generate over its remaining useful life. For significant business combinations, significant estimates and judgments including future net cash flows, royalty rates, and discount rates are used to estimate the fair value of the acquired intangible assets. Changes in these estimates and judgments could result in significant changes to the valuation of the intangible assets.
- Deferred tax assets - the recognition of deferred tax assets is based on forecasts of future taxable profit. The measurement of future taxable profit for the purposes of determining whether or not to recognize deferred tax assets depends on many factors, including the Company's ability to generate such profits and the implementation of effective tax planning strategies. The occurrence or non-occurrence of such events in the future may lead to significant changes in the measurement of deferred tax assets.

TOPICUS.COM INC.

Notes to Consolidated Financial Statements

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

(Due to rounding, numbers presented may not foot.)

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- Contingent consideration liabilities - contingent consideration liabilities are initially recorded on the date of a business combination and are payable on the achievement of certain financial targets in the post-acquisition periods. The obligation for contingent consideration is recorded at its estimated fair value at the various acquisition dates and the fair value is re-assessed at the end of each reporting period. 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.

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 accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements unless otherwise indicated.

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

(a) Basis of consolidation

(i) Business combinations

Acquisitions have been accounted for using the acquisition method required by IFRS 3 Business Combinations. Goodwill arising on acquisitions is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, if any, less the net recognized amount of the estimated fair value of identifiable assets acquired and liabilities assumed (subject to certain exemptions to fair value measurement principles such as deferred tax assets or liabilities), all measured as of the acquisition date. When the consideration transferred is less than the estimated fair value of assets acquired and liabilities assumed, a bargain purchase gain is recognized immediately in the consolidated statements of income. Transaction costs that the Company incurs in connection with a business combination are expensed as incurred.

The Company uses its best estimates and assumptions to reasonably value assets and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, and these estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed with a corresponding offset to goodwill. Upon conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to profit or loss. For a given acquisition, the Company may identify certain pre-acquisition contingencies as of the acquisition date and may extend its review and evaluation of these pre-acquisition contingencies throughout the measurement period in order to obtain sufficient information to assess these contingencies as part of acquisition accounting, as applicable.

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(ii) Consolidation methods

Entities over which the Company has control are fully consolidated from the date that control commences until the date that control ceases. Entities over which the Company has significant influence (investments in "associates") are accounted for under the equity method. Significant influence is assumed when the Company's interests are 20% or more, unless qualitative factors overcome this assumption.

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Investments in associates are recognized initially at cost, inclusive of transaction costs. The Company's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Company's share of the income and expenses and equity changes of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases.

(iii) Transactions eliminated on consolidation

Intra-company balances and transactions, and any unrealized income and expenses arising from intra-company transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency translation

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of subsidiaries of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-measured to the functional currency at the exchange rate at that date. Foreign currency differences arising on re-measurement are recognized through profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency gains and losses are reported in profit and loss on a net basis. The effect of currency translation adjustments on cash and cash equivalents is presented separately in the statements of cash flows and separated from investing and financing activities when deemed significant.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to euros at exchange rates at the reporting date. The income and expenses of foreign operations are translated to euros using average exchange rates for the month during which the transactions occurred. Foreign currency differences are recognized in other comprehensive income in the cumulative translation account; however, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interest when applicable.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which its substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income in the cumulative amount of foreign currency translation differences. If, and when, settlement plans change or are likely to occur, then the accounting process in (b)(i) above is applied.

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When a foreign operation payable or receivable classified as a net investment is partially or fully disposed, the proportionate share of the cumulative amount in the translation reserve related to that foreign operation is transferred to profit or loss as part of the profit or loss on disposal. The Company has elected not to treat repayments of monetary items receivable or payable to a foreign operation as a disposition.

(c) Financial Instruments

The Company's financial instruments comprise cash, accounts receivable, Loan from CSI, Topicus Revolving Credit Facility, Term and Other Loans, accounts payable and accrued liabilities, income taxes payable and acquisition holdback assets or payables.

Financial assets are recognized in the consolidated statement of financial position if the Company has a contractual right to receive cash or other financial assets from another entity. Financial assets, including accounts receivable, are derecognized when the rights to receive cash flows from the investments have expired or were transferred to another party and the Company has transferred substantially all risks and rewards of ownership.

Financial liabilities include the Loan from CSI, Topicus Revolving Credit Facility, Term and Other Loans, accounts payable and accrued liabilities, income taxes payable and acquisition holdback payables. Financial liabilities are generally recognized initially at fair value, typically being transaction price, plus any directly attributable transaction costs and subsequently measured at amortized cost using the effective interest method. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Subordinate voting shares are classified as equity. Incremental costs directly attributable to the issue of shares are recognized as a deduction from equity, net of tax.

(d) Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. After initial recognition, goodwill is measured at cost less any accumulated impairment losses, with the carrying value being reviewed for impairment at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. No such losses relating to goodwill have been recognized during the year.

The impairment test methodology is based on a comparison between the higher of fair value less costs to sell and value-in-use of each of the Company's cash generating units ("CGU") and the net asset carrying values (including goodwill). Within the Company's reporting structure, business units generally reflect the CGU. In determining the recoverable amount, the Company applies an estimated market valuation multiple to the business unit's most recent annual recurring revenues, which are generally derived from post-contract customer support revenues, transactional revenues, and hosted products revenues. Valuation multiples applied by the Company for this purpose reflect current market conditions specific to the business unit and

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are assessed for reasonability by comparison to the Company's current and past acquisition experience involving ranges of revenue-based multiples required to acquire representative software companies and the parent company's (Constellation Software Inc.) overall revenue based-trading multiple. In addition, in certain instances, the recoverable amount is determined using a value-in-use approach which follows the same valuation process that is undertaken for the Company's business acquisitions. An impairment is recognized if the carrying amount of a CGU exceeds its estimated recoverable amount. The recoverable amount for CGU's containing goodwill is estimated annually on December 31 of each year or whenever events or changes in circumstances indicate that the carrying value may be impaired.

(ii) Acquired intangible assets

The Company uses the income approach to value acquired technology and customer relationship intangible assets. The income approach is a valuation technique that calculates the estimated fair value of an intangible asset based on the estimated future cash flows that the asset can be expected to generate over its remaining useful life.

The Company utilizes the discounted cash flow ("DCF") methodology which is a form of the income approach that begins with a forecast of the annual cash flows that a market participant would expect the subject intangible asset to generate over a discrete projection period. The forecasted cash flows for each of the years in the discrete projection period are then converted to their present value equivalent using a rate of return appropriate for the risk of achieving the intangible assets' projected cash flows, again, from a market participant perspective. The present value of the forecasted cash flows are then added to the present value of the residual value of the intangible asset (if any) at the end of the discrete projection period to arrive at a conclusion with respect to the estimated fair value of the subject intangible assets.

Specifically, the Company relies on the relief-from-royalty method to value the acquired technology and the multiple-period excess earnings ("MEEM") method to value customer relationship assets.

The underlying premise of the relief-from-royalty method is that the fair value of the technology is equal to the cost savings (or the "royalty avoided") resulting from the ownership of the asset by the avoidance of paying royalties to license the use of the technology from another owner. Accordingly the income forecast reflects an estimate of a fair royalty that a licensee would pay, on a percentage of revenue basis, to obtain a license to utilize the technology.

The MEEM method isolates the cash flows attributable to the subject asset by utilizing a forecast of expected cash flows less the returns attributable to other enabling assets, both tangible and intangible.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost, being reflective of fair value, less accumulated amortization and impairment losses. Subsequent expenditures are capitalized only when it increases the future economic benefits that form part of the specific asset to which it relates and other criteria have been met. Otherwise all other expenditures are recognized in profit or loss as incurred.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are acquired and available for use, since this most closely reflects the expected usage and pattern of consumption of the future economic benefits embodied in the asset. To determine the useful life of the technology assets, the Company considers the length of time over which it expects to earn or recover the majority of the present value of the forecasted

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cash flows of the related intangible assets. The estimated useful lives for the current and comparative periods are as follows:

Technology assets	2 to 10 years
Customer assets	2 to 20 years
Trademarks	2 to 20 years

Amortization methods, useful lives and the residual values are reviewed at least annually (or when there has been an indication of impairment) and are adjusted as appropriate.

(iii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalized only if the product or process is technically and commercially feasible, if development costs can be measured reliably, if future economic benefits are probable, if the Company intends to use or sell the asset and the Company intends and has sufficient resources to complete development. To date, no material development expenditures have been capitalized.

For the year ended December 31, 2022, EUR 125,669 (2021 – EUR 99,281) of research and development costs have been expensed in profit or loss. These costs are net of estimated investment tax credits, recognized as part of other, net expenses through profit or loss of EUR 6,568 for the year ended December 31, 2022 (2021 – EUR 5,600).

(e) Property and equipment

(i) Recognition and measurement

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes initial and subsequent expenditures that are directly attributable to the acquisition of the related asset. When component parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment, where applicable.

(ii) Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

The estimated useful lives for the current and comparative periods are as follows:

Asset	Estimated Useful Life
Computer hardware	3-5 years
Computer software	3-5 years
Furniture and equipment	3-10 years
Leasehold improvements	5-10 years

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Buildings 40 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end or more frequently as deemed relevant and adjusted where appropriate.

(f) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out principle, and includes expenditures incurred in acquiring the inventories, production and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(g) Unbilled revenue

Unbilled revenue represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognized to date less progress billings and recognized losses, if any.

Unbilled revenue is presented in the statement of financial position for all contracts in which costs incurred plus recognized profits exceed progress billings. If progress billings exceed costs incurred plus recognized profits, then the excess is presented as deferred revenue in the statement of financial position.

(h) Other non-current liabilities

Other non-current liabilities consist principally of deferred revenue, provisions, shareholder loans and contingent consideration recognized in connection with business acquisitions to be settled in cash, which are discounted for measurement purposes.

(i) Impairment

(i) Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, or indications that a debtor or issuer will enter bankruptcy.

The Company considers evidence of impairment for receivables at both a specific and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired, together with receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

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An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories (which are addressed in note 3(f)) and deferred tax assets (which are addressed in note 3(m)), are reviewed at each reporting date (or more frequently if required) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated annually on December 31 of each fiscal year or whenever required.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the Company uses discounted cash flows which are determined using a pre-tax discount rate specific to the asset or CGU. The discount rate used reflects current market conditions including risks specific to the assets. Significant estimates within the cash flows include recurring revenue growth rates and operating expenses. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets, which for the Company's purposes is typically representative of the business unit level within the corporate and management structure. For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets (such as intangible assets and property and equipment) in the CGU (group of units) on a pro rata basis.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately and, therefore, is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

An impairment loss in respect of goodwill is not reversed. In respect of other non-financial assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been previously recognized.

(j) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the estimated future cash flows required to

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settle the present obligation, based on the most reliable evidence available at the reporting date. The estimated cash flows are discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The amortization of the discount is recognized as part of finance costs.

(k) Revenue recognition

Revenue represents the amount the Company expects to receive for products and services in its contracts with customers, net of discounts and sales taxes. The Company reports revenue under four revenue categories being, License, Hardware and other, Professional services, and Maintenance and other recurring revenue. Software license revenue is comprised of non-recurring license fees charged for the use of software products licensed under multiple-year or perpetual arrangements. Hardware and other revenue includes the resale of third party hardware as part of customized solutions, as well as sales of hardware assembled internally and the reimbursement of travel costs. Professional service revenue consists of fees charged for implementation services, custom programming, product training and consulting. Maintenance and other recurring revenue primarily consists of fees charged for customer support on software products post-delivery and also includes recurring fees derived from combined software/support contracts, transaction revenues, managed services, and hosted products.

Contracts with multiple products or services

Typically, the Company enters into contracts that contain multiple products and services such as software licenses, hosted software-as-a-service, maintenance, professional services, and hardware. The Company evaluates these arrangements to determine the appropriate unit of accounting (performance obligation) for revenue recognition purposes based on whether the product or service is distinct from some or all of the other products or services in the arrangement. A product or service is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company's promise to transfer the good or service is separately identifiable from other promises in the contractual arrangement with the customer. Non-distinct products and services are combined with other goods or services until they are distinct as a bundle and therefore form a single performance obligation.

Where a contract consists of more than one performance obligation, revenue is allocated to each based on their estimated stand-alone selling price ("SSP").

Nature of products and services

The Company sells on-premise software licenses on both a perpetual and specified-term basis. Revenue from the license of distinct software is recognized at the time that both the right to use the software has commenced and the software has been made available to the customer. Certain of the Company's contracts with customers contain provisions that require the customer to renew optional support and maintenance in order to maintain the active right to use a perpetual or term license. The renewal payments after the initial bundled support and maintenance term in these cases apply to both the continued right to use the license and the support and maintenance renewal. Where the fees payable for the initial term are incremental to the fees for the renewal terms, the excess is treated as a prepayment for expected renewals and allocated (amortized) evenly over the expected customer renewals, up to the estimated life of the software that is typically 4-6 years.

Revenue from the license of software that involves complex implementation or customization that is not distinct, and/or includes sales of hardware that is not distinct, is recognized as a combined performance obligation using the percentage-of-completion method based primarily on labour hours. The percentage-

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of-completion method based on labour hours requires the Company to make significant judgments to determine the estimated hours to completion which affects the timing of revenue recognized.

A portion of the Company's sales, categorized as hardware and other revenue, are accounted for as product revenue. Product revenue is recognized when control of the product has transferred under the terms of an enforceable contract.

Revenue related to the customer reimbursement of travel related expenses incurred during a project implementation where the Company is the principal in the arrangement is included in the hardware and other revenue category. Revenue is recognized as costs are incurred which is consistent with the period in which the costs are invoiced. Reimbursable travel expenses incurred for which an invoice has not been issued are recorded as part of unbilled revenue on the statement of financial position.

Maintenance and other recurring revenue primarily consists of fees charged for customer support on software products post-delivery and also includes, to a lesser extent, recurring fees derived from software licenses that are not distinct from maintenance, transaction revenues, managed services, and hosted products.

Revenue from software-as-a-service (SaaS) arrangements, which allows customers to use hosted software over a term without taking possession of the software, are provided on a subscription basis. Revenue from the SaaS subscription, which includes the hosted software and maintenance, is recognized rateably over the term of the subscription. Significant incremental payments for SaaS in an initial term are recognized rateably over the expected renewal periods, up to the estimated life of the software.

Professional services revenue, including installation, implementation, training and customization of software, is recognized by the stage of completion of the performance obligation determined using the percentage of completion method noted above or as such services are performed as appropriate in the circumstances. The revenue and profit of fixed price contracts is recognized on a percentage of completion basis when the outcome of a contract can be estimated reliably. When the outcome of the contract cannot be estimated reliably but the Company expects to recover its costs, the amount of expected costs is treated as variable consideration and the transaction price is updated as more information becomes known.

The timing of revenue recognition often differs from contract payment schedules, resulting in revenue that has been earned but not billed. These amounts are included in unbilled revenue. Amounts billed in accordance with customer contracts, but not yet earned, are recorded and presented as part of deferred revenue.

Costs to Obtain a Contract

The Company allocates incremental costs to obtain a contract (which principally consists of commissions) to the various performance obligations to which they relate using the expected-based allocation (relative expected margins) for bundled costs. For those performance obligations that are expected to be renewed at the end of the initial period without a further commission (such as post-contract customer support), the Company has considered expected renewals over the life of the intellectual property when determining the expected margins from the arrangement. For performance obligations not delivered upfront, the allocated commissions are deferred and amortized over the pattern of transfer of the related performance obligation. For commissions allocated to term-based license arrangements and post-contract customer support, the amortization period is expected to be approximately 4-6 years. Capitalized costs to obtain a contract are included in other non-current assets on the consolidated balance sheet.

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(l) Finance income and finance costs

Finance income comprises interest income, gains on the disposal of available-for-sale financial assets, and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognized as it accrues through profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, amortization of the discount on provisions, and impairment losses recognized on financial assets other than trade receivables. Transaction costs attributable to the Company's bank indebtedness are recognized in finance costs using the effective interest method.

(m) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected taxes payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but the Company intends to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits, difference in tax bases in the purchaser's tax jurisdiction and its cost as reported in the consolidated financial statements as a result of an intra-group transfer of assets and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(n) Investment tax credits

The Company is entitled to both non-refundable and refundable investment tax credits for qualifying research and development ("R&D") activities. Investment tax credits are included within "Other, net" for items of a period expense nature or as a reduction of property and equipment for items of a capital nature when the amount is reliably estimable and the Company has reasonable assurance regarding compliance with the relevant objective conditions and that the credit will be realized.

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(o) Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. The operating results of all operating segments are reviewed regularly by the Company's Chief Executive Officer ("CEO") to make decisions about resources to be allocated to the segment and assessing their performance.

Following the guidance set out by IFRS 8, Operating Segments, the Company has determined that it has three operating segments. Each of the Company's operating segments operate essentially as "mini Topicus companies", conglomerates of small vertical market software companies with similar economic characteristics. Each operating segment CEO is focused on investing capital that generates returns at or above the investment hurdle rates set by the Company's head office and the board of directors. The Company aggregates operating segments into one reportable segment, consistent with the objective and basic principles of IFRS 8.

(p) Earnings per share

The Company presents basic and diluted earnings per share data for its subordinate voting shares. Basic earnings per share is calculated by dividing the profit or loss attributable to the subordinate voting shareholders of the Company by the weighted average number of subordinate voting shares outstanding during the period, adjusted for treasury shares held. Diluted earnings per share is determined by dividing the profit or loss attributable to the subordinate voting shareholders by the weighted average number of subordinate voting shares outstanding, adjusted for the effects of all dilutive potential shares.

(q) Short-term employee benefits

Short-term employee benefit obligations, including wages, benefits, incentive compensation, and compensated absences are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid and settled under the Company's employee incentive compensation plan if the Company has a legal or constructive obligation to pay this amount at the time bonuses are paid as a result of past service provided by the employee, and the obligation can be estimated reliably.

(r) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method, as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset can be periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement

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date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

4. Business acquisitions

During the year ended December 31, 2022, the Company completed acquisitions for aggregate cash consideration of EUR 153,828 plus cash holdbacks of EUR 20,649 and contingent consideration with an estimated acquisition date fair value of EUR 8,663 resulting in total consideration of EUR 183,140. The obligation for contingent consideration for acquisitions during the year ended December 31, 2022 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 10,704. Aggregate contingent consideration as at December 31, 2022 of EUR 20,034 (December 31, 2021 – EUR 5,392) has been reported in the consolidated statement of financial position at its estimated fair value relating to applicable acquisitions completed in the current and prior periods. Changes made to the estimated fair value of contingent consideration are included in "Other, net" in the consolidated statements of income. An expense of EUR 7,014 has been recorded for the year ended December 31, 2022, as a result of such changes (recovery of EUR 1,461 for the year ended December 31, 2021).

None of the acquisitions completed during the year ended December 31, 2022 were deemed to be individually significant. Most 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.

On May 16, 2022, the Company acquired a controlling interest of 72.68% in Sygnity S.A. ("Sygnity"), a company based in Poland. The remaining 27.32% represents non-controlling interest. On the acquisition date, the total current assets of Sygnity were EUR 17,977, the total long-lived assets were EUR 73,822 (including technology assets of EUR 13,260, customer assets of EUR 47,387 and goodwill of EUR 9,737), the total current liabilities were EUR 17,211 and the total long-term liabilities were EUR 17,082. The total revenue recorded since the acquisition date was EUR 30,204 and the net loss since the acquisition date was EUR 92.

On July 1, 2022, the Company acquired Subsurface and its two interactive software solutions ("Subsurface") for the oil and gas vertical from Lloyd's Register. Subsurface is based in Scotland. Sixty per cent (60%) of Subsurface is owned and controlled, by way of voting rights, by the Company, and the

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remaining 40% is owned by certain subsidiaries of the Vela Software Group (“Vela”), an operating group that is owned and controlled by Constellation Software Inc. On the acquisition date, the total current assets were EUR 9,339, the total long-lived assets were EUR 23,864, the total current liabilities were EUR 9,339 and the total long-term liabilities were EUR 4,107. The total revenue recorded since the acquisition date was EUR 6,991 and the net income since the acquisition date was EUR 727.

The acquisitions during the year ended December 31, 2022 include software companies catering to the following markets: speech recognition, automotive, horticulture, real estate brokers and agents, third party logistics warehouse management systems, healthcare, local government, libraries, construction, textiles and apparel, financial services, hospitality, risk management, oil and gas, retail management and distribution, automated explosive tracking, education, agribusiness, asset management and manufacturing and logistics, 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. Goodwill in the amount of EUR 906 is expected to be deductible for income tax purposes.

The gross contractual amount of acquired receivables was EUR 24,806 however, the Company has recorded an allowance of EUR 1,750 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 2022. The amounts determined on a provisional basis generally relate to net asset assessments and measurement of the assumed liabilities, including acquired contract liabilities. The provisional purchase price allocations may differ from the final purchase price allocations, and these differences may be material. Revisions to the allocations will occur as additional information about the fair value of assets and liabilities becomes available. The cash consideration associated with these provisional estimates totals EUR 153,828.

The aggregate impact of acquisition accounting applied in connection with the business acquisitions in the year ended December 31, 2022 is as follows:

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Assets acquired:	
Cash	38,126
Accounts receivable	23,056
Other current assets	13,484
Property and equipment	5,720
Right of use assets	9,303
Other non-current assets	1,458
Deferred income taxes	363
Technology assets	73,093
Customer assets	132,745
	<hr/>
	297,348
Liabilities assumed:	
Current liabilities	37,990
Deferred revenue	36,527
Deferred income taxes	39,625
Long-term lease obligations	5,601
Other non-current liabilities	9,841
	<hr/>
	129,584
Non-controlling interest	17,016
Goodwill	32,392
Total consideration	<hr/> 183,140 <hr/>

The 2022 business acquisitions contributed revenue and a net loss of EUR 103,788 and EUR 6,127 during the year ended December 31, 2022. If these acquisitions had occurred on January 1, 2022, the Company estimates that consolidated revenue would have been EUR 984,851 and consolidated net income for the year ended December 31, 2022 would have been EUR 82,889 as compared to the amounts reported in the statement of income for the same period. In determining these amounts, the Company has assumed that the fair values of the net assets acquired that were estimated and accounted for on the dates of acquisition would have been the same as if the acquisitions had occurred on January 1, 2022. The net income from acquisitions includes the associated amortization of acquired intangible assets recognized as if the acquisitions had occurred on January 1, 2022.

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5. Other assets and liabilities

(a) Other assets

	December 31, 2022	December 31, 2021
Prepaid expenses and other current assets	26,565	19,365
Sales tax receivable	1,466	943
Equity securities held for trading	2	7
Other receivables	6,746	1,461
Total other current assets	34,778	21,776
Costs to obtain a contract	92	157
Non-current trade and other receivables and other assets	14,808	5,500
Equity accounted investees	2,130	998
Total other non-current assets	17,030	6,655

(b) Other liabilities

	December 31, 2022	December 31, 2021
Contingent consideration	15,062	4,475
Deferred revenue	2,686	1,266
Other non-current liabilities	8,370	7,136
Total other non-current liabilities	26,118	12,877

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6. Property and equipment

	Computer hardware	Computer software	Furniture and equipment	Leasehold improvements	Buildings	Total
Cost						
Balance at January 1, 2021	15,371	8,528	3,452	4,020	-	31,370
Additions	3,294	731	1,173	186	-	5,385
Acquisitions through business combinations	2,981	172	2,858	1,297	1,378	8,686
Disposals / retirements / reclassifications / other	1,757	1,462	494	(82)	(35)	3,595
Balance at December 31, 2021	23,403	10,893	7,976	5,421	1,343	49,036
Balance at January 1, 2022	23,403	10,893	7,976	5,421	1,343	49,036
Additions	4,004	749	1,781	769	-	7,303
Acquisitions through business combinations	3,955	269	975	336	-	5,535
Disposals / retirements / reclassifications / other	(2,135)	(1,096)	(2,032)	(460)	(34)	(5,757)
Balance at December 31, 2022	29,227	10,815	8,700	6,066	1,309	56,116
Depreciation and impairment losses						
Balance at January 1, 2021	10,691	7,512	1,758	2,626	-	22,588
Depreciation charge for the year	3,636	551	1,635	949	34	6,805
Disposals / retirements / reclassifications / other	1,848	1,607	893	(27)	(4)	4,317
Balance at December 31, 2021	16,175	9,671	4,286	3,548	31	33,710
Balance at January 1, 2022	16,175	9,671	4,286	3,548	31	33,710
Depreciation charge for the year	4,452	796	1,705	710	40	7,703
Disposals / retirements / reclassifications / other	(1,776)	(1,070)	(1,732)	(295)	(4)	(4,876)
Balance at December 31, 2022	18,851	9,397	4,259	3,963	67	36,537
Carrying amounts:						
At January 1, 2021	4,680	1,015	1,693	1,394	-	8,782
At December 31, 2021	7,229	1,222	3,690	1,873	1,312	15,326
At January 1, 2022	7,229	1,222	3,690	1,873	1,312	15,326
At December 31, 2022	10,377	1,417	4,441	2,103	1,242	19,579

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7. Right-of-use assets

The following table presents the right-of-use assets for the Company:

	Computer hardware	Vehicles	Furniture and equipment	Building	Other	Total
Cost						
Balance at January 1, 2021	8,085	12,555	588	48,638	169	70,036
Additions	5,216	5,590	13	5,541	17	16,378
Acquisitions through business combinations	31	1,647	8	11,627	-	13,313
Disposals / retirements / reclassifications / other	(2,227)	(3,212)	(12)	(10,579)	(149)	(16,179)
Balance at December 31, 2021	11,106	16,580	597	55,227	37	83,547
Balance at January 1, 2022	11,106	16,580	597	55,227	37	83,547
Additions	631	3,516	69	13,215	52	17,483
Acquisitions through business combinations	85	1,390	23	7,805	-	9,303
Disposals / retirements / reclassifications / other	(2,610)	(3,555)	(182)	(9,456)	-	(15,804)
Balance at December 31, 2022	9,212	17,931	508	66,790	89	94,529
Depreciation and impairment losses						
Balance at January 1, 2021	3,870	4,535	163	10,847	104	19,519
Depreciation charge for the year	2,493	4,486	165	10,601	54	17,798
Disposals / retirements / reclassifications / other	(2,055)	(2,013)	(21)	(3,915)	(148)	(8,152)
Balance at December 31, 2021	4,308	7,007	307	17,533	10	29,165
Balance at January 1, 2022	4,308	7,007	307	17,533	10	29,165
Depreciation charge for the year	2,380	4,830	140	12,796	17	20,163
Disposals / retirements / reclassifications / other	(2,595)	(2,888)	(72)	(3,655)	-	(9,210)
Balance at December 31, 2022	4,094	8,949	375	26,673	27	40,118
Carrying amounts:						
At January 1, 2021	4,215	8,021	425	37,791	65	50,517
At December 31, 2021	6,798	9,573	291	37,694	27	54,382
At January 1, 2022	6,798	9,573	291	37,694	27	54,382
At December 31, 2022	5,118	8,982	133	40,117	62	54,412

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8. Intangible assets and goodwill

	Technology Assets	Customer Assets	Trademarks	Goodwill	Total
Cost					
Balance at January 1, 2021	267,317	310,346	6,300	134,469	718,432
Acquisitions through business combinations	157,183	149,048	19,400	55,894	381,524
Effect of movements in foreign exchange and other	1,505	831	(0)	722	3,059
Balance at December 31, 2021	426,005	460,225	25,700	191,085	1,103,015
Balance at January 1, 2022	426,005	460,225	25,700	191,085	1,103,015
Acquisitions through business combinations	72,944	133,548	-	32,540	239,033
Effect of movements in foreign exchange and other	470	(990)	(294)	(1,276)	(2,091)
Balance at December 31, 2022	499,419	592,783	25,406	222,349	1,339,956
Accumulated amortization and impairment losses					
Balance at January 1, 2021	170,004	100,010	2,205	-	272,218
Amortization for the period	45,929	37,847	1,285	-	85,060
Impairment charge	507	1,075	-	18	1,600
Balance at December 31, 2021	216,439	138,931	3,490	18	358,879
Balance at January 1, 2022	216,439	138,931	3,490	18	358,879
Amortization for the period	56,897	48,908	1,272	-	107,078
Impairment charge	-	-	-	-	-
Balance at December 31, 2022	273,336	187,840	4,762	18	465,956
Carrying amounts					
At January 1, 2021	97,313	210,336	4,095	134,469	446,213
At December 31, 2021	209,566	321,294	22,210	191,067	744,136
At January 1, 2022	209,566	321,294	22,210	191,067	744,136
At December 31, 2022	226,082	404,943	20,644	222,331	874,000

Impairment testing for cash-generating units containing goodwill

The annual impairment test of goodwill was performed as of December 31, 2022 and 2021 and did not result in any significant impairment loss. For the purpose of impairment testing, goodwill is allocated to the Company's business units included in each operating segment, which represent the lowest level within the Company at which goodwill is monitored for internal purposes. There was no goodwill reallocated to the Company's CGUs that was deemed to be significant in comparison to the carrying amount of goodwill as at December 31, 2022.

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The Company has seven CGUs whereby the total goodwill allocated is significant in comparison to the Company's total carrying amount of goodwill. The total goodwill allocated to each of these CGUs as at December 31, 2022 is EUR 22,078, EUR 19,213, EUR 23,040, EUR 21,955, EUR 19,459, EUR 11,347 and EUR 16,822. In determining the recoverable amount, the Company applied an estimated market valuation multiple to the business unit's most recent annual recurring revenues, which are derived from combined software/support contracts, transaction revenues, and hosted products. Valuation multiples, which are Level 3 inputs, applied by the Company for this purpose reflect current market conditions specific to the business unit and are assessed for reasonability by comparison to the Company's current and past acquisition experience involving ranges of revenue-based multiples required to acquire representative software companies. During 2022, the estimated market valuation multiple ranged from 1.5X to 6.0X of recurring revenue.

9. Topicus Revolving Credit Facility

On October 28, 2022, Topicus Coop amended the existing revolving credit facility (the "Topicus Revolving Credit Facility") with a number of European financial institutions. Under the amended credit facility, the Company will be able to borrow up to EUR 550,000 under a multicurrency revolving loan facility and up to EUR 150,000 under an additional uncommitted incremental facility. The Topicus Revolving Credit Facility has an initial term of five years until October 28, 2027 with an extension option for two additional one year periods. The Topicus Revolving Credit Facility bears interest at a rate calculated at EURIBOR plus interest rate spreads based on a leverage table. The Topicus Revolving Credit Facility is collateralized by some of the more material assets owned by the Company and its subsidiaries, except for the entities securing amounts outstanding under the Term and Other Loans (note 10). The Topicus 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 December 31, 2022, EUR 130,000 (December 31, 2021 – EUR 45,000) had been drawn from this credit facility. Transaction costs associated with the Topicus 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 127,092 (December 31, 2021 – EUR 44,819) and has been classified as a current liability in the consolidated statement of financial position. The Company's intent is to repay the outstanding balance of the Topicus Revolving Credit Facility within the next 12 months. As at December 31, 2022, the carrying amount of costs relating to this Topicus Revolving Credit Facility totaled EUR 2,908 (December 31, 2021 – EUR 181).

10. Term and Other Loans

Certain of the Company's subsidiaries have entered into term and other debt facilities ("Term and Other 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.

As a result of the October 28, 2022 amendment associated with the Topicus Revolving Credit Facility outlined in note 9, the Company is required to repay a EUR 60,000 Term loan in 2023 which was originally due in 2028. The loan has been classified as a current liability as of December 31, 2022.

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During 2022, the Company breached its debt covenants associated with a Term loan in one of its subsidiaries. The aggregate value of the loan at December 31, 2022 is EUR 7,973 and has been classified as a current liability. The breach related to non-recurring expenses and is expected to be resolved in 2023.

The Term and Other Loans comprise the following:

	Term and Other Debt Facilities
Principal outstanding at December 31, 2022 (and equal to fair value)	116,650
Deduct: Carrying value of transaction costs included in debt balance	(1,187)
Carrying value at December 31, 2022	115,463
Current portion	74,182
Non-current portion	41,280

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

Year	Term Debt Facilities
2023	73,992
2024	4,908
2025	34,675
2026	1,078
2027	1,825
2028	63
2029	63
2030	47
	116,650

11. Redeemable preferred securities

In 2021, the Company issued 39,412,385 Preferred Shares to Constellation Software Inc. ("CSI"). The Preferred Shares were non-voting, and under certain conditions, prior to the Notification of Conversion, were redeemable at the option of the holder for a redemption price of approximately EUR 19.06 per share. The redemption price could have either been settled in cash or through the issuance of Subordinate Voting Shares of equal value, or any combination thereof. The Preferred Shares were also convertible into Subordinate Voting Shares at a conversion ratio of 1:1. The Preferred Share holders were also entitled to a fixed annual cumulative dividend of 5% per annum on the initial Preferred Share value of approximately EUR 19.06 per share.

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In 2021, Topicus Coop issued 19,665,642 Topicus Coop Preference Units to the Joday Group and also issued 5,842,882 Topicus Coop Preference Units to Ijssel B.V. ("Ijssel") in conjunction with the acquisition of Topicus.com B.V. The Topicus Coop Preference Units were 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 have either been settled in cash or through the issuance of Topicus Coop Ordinary Units of equal value, or any combination thereof. The Topicus Coop Preference Units were convertible into Topicus Coop Ordinary Units (note 19) at a conversion ratio of 1:1. The Topicus Coop Preference Unit holders were also 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.

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 EUR 66,614. EUR 40,449 was paid to CSI, EUR 20,183 was paid to the Joday Group and EUR 5,981 was paid to Ijssel.

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.

12. Provisions

At January 1, 2022	1,893
Reversal	(123)
Provisions recorded during the period	2,775
Provisions used during the period	(2,665)
Effect of movements in foreign exchange and other	3
At December 31, 2022	1,884
Provisions classified as current liabilities	1,884
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.

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13. Lease obligations

The following table presents the expected maturity of the undiscounted cash flows for lease obligations as at December 31, 2022:

	December 31, 2022
Less than 1 year	19,752
Between 1 and 5 years	35,020
More than 5 years	3,343
Total	58,115
Less: Impact of discounting	(2,657)
Leases obligation recorded on balance sheet	55,458

The expense relating to variable lease payments not included in the measurement of lease obligations was EUR 1,140 (2021 – EUR 373). This consists primarily of variable lease payments for property taxes. Expenses relating to short-term leases were EUR 1,536 (2021 – EUR 643), expenses relating to leases of low value assets were EUR 5 (2021 – EUR 2) and sublease income was EUR nil (2021 – EUR nil). Total cash outflow for leases was EUR 23,876 (2021 – EUR 19,636).

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14. Income taxes

(a) Tax recognized in profit or loss

	2022	2021
Tax recognized in profit or loss		
Current tax expense (recovery)		
Current year	43,149	39,364
Adjustment for prior years	710	130
	43,859	39,494
Deferred tax expense (recovery)		
Origination and reversal of temporary differences	(21,810)	(19,129)
Effect of change in future tax rates	(611)	2,373
Change in recognized temporary differences and unrecognized tax losses	(3,825)	(317)
Adjustment for prior years	(806)	(821)
	(27,051)	(17,894)
	16,808	21,600

(b) Reconciliation of effective tax rate

	2022	2021
Net income (loss) for the year	87,610	(2,222,233)
Income tax expense	16,808	21,600
Income (loss) before income taxes	104,418	(2,200,632)
Income tax expense using the Company's statutory tax rate of 25% (2021 - 25%)	26,104	(550,158)
Impact on taxes from:		
Foreign tax rate differential	(184)	(1,132)
Other, including non deductible expenses and non taxable income	26	(1)
Research and development and other allowances	(4,606)	(4,020)
Redeemable preferred securities expense, which is not deductible for tax purposes	-	575,546
Change in recognized temporary differences and unrecognized tax losses	(3,825)	(317)
Effect of change in future tax rates	(611)	2,373
Adjustment for prior years	(96)	(690)
	16,808	21,600

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 judgment. 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.

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15. Deferred tax assets and liabilities

(a) Unrecognized deferred tax liabilities

The aggregate amount of temporary differences associated with investments in subsidiaries for which the Company has not recognized deferred tax liabilities is EUR 44,248 (2021 - EUR 114,914) as the Company ultimately controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future. The temporary differences relate to undistributed earnings of the Company's subsidiaries. Dividends declared would be subject to withholding tax in the range of 0-15% depending on the jurisdiction of the subsidiary.

(b) Unrecognized deferred tax assets

	2022	2021
Non capital tax losses	1,328	3,473

Non-capital tax losses of EUR 1,328 (2021 – 3,473 EUR) can be carried forward indefinitely. Deferred tax assets have not been recognized in respect of this item because it is not probable that future taxable profit will be available in those jurisdictions against which the Company can utilize these benefits.

(c) Recognized deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2022	2021	2022	2021	2022	2021
Property, plant and equipment	150	131	-	-	150	131
Intangible assets	-	-	(149,733)	(129,260)	(149,733)	(129,260)
Non-capital loss carryforwards	12,075	6,736	-	-	12,075	6,736
Scientific research and development expenditure pool	3,423	1,236	-	-	3,423	1,236
Deferred revenue	-	-	-	-	-	-
Foreign and other tax credits	-	-	-	-	-	-
Other, including capital losses, withholding tax and foreign exchange	3,542	2,984	-	-	3,542	2,984
Tax assets (liabilities)	19,190	11,088	(149,733)	(129,260)	(130,543)	(118,173)
Reclassification	788	(4,256)	(788)	4,256	-	-
Net tax assets (liabilities)	19,978	6,831	(150,521)	(125,004)	(130,543)	(118,173)

This reclassification relates to the offsetting of deferred tax assets and deferred tax liabilities to the extent that they relate to the same taxing authorities and there is a legally enforceable right to do so.

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(d) Movement in deferred tax balances during the year

	Balance January 1, 2022	Recognized in profit or loss	Acquired in business combinations	Other	Balance December 31, 2022
Property, plant and equipment	131	25	(6)	-	150
Intangible assets	(129,260)	21,878	(42,351)	-	(149,733)
Reserves	-	(592)	592	-	-
Non-capital loss carryforwards	6,736	5,256	83	-	12,075
Scientific research and development expenditure pool	1,236	1,907	279	-	3,423
Other, including capital losses and withholding tax	2,984	(1,424)	2,469	(486)	3,542
	(118,173)	27,051	(38,934)	(486)	(130,543)

	Balance January 1, 2021	Recognized in profit or loss	Acquired in business combinations	Other	Balance December 31, 2021
Property, plant and equipment	393	(53)	(209)	-	131
Intangible assets	(75,604)	8,590	(62,246)	-	(129,260)
Reserves	-	(940)	940	-	-
Non-capital loss carryforwards	1,887	1,718	3,131	-	6,736
Scientific research and development expenditure pool	(6,319)	7,279	276	-	1,236
Other, including capital losses and withholding tax	1,630	1,301	-	53	2,984
	(78,013)	17,894	(58,107)	53	(118,173)

16. Shareholders' equity

	Common Stock	
	Number	Amount
December 31, 2022	81,889,764	39,412
December 31, 2021	40,512,379	39,412

The Company's authorized share capital consists of an unlimited number of Subordinate Voting Shares and 1 Super Voting Share. As at December 31, 2022, there are 81,889,763 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), the Company paid a dividend of EUR 54,600 to CSI and the Joday Group.

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Accumulated other comprehensive income (loss)

Accumulated other comprehensive income (loss) is comprised of the following separate components of equity:

Cumulative translation account

The cumulative translation account comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as foreign exchange gains and losses arising from monetary items that form part of the net investment in the foreign operation.

17. Finance costs and other

	Year ended December 31,	
	2022	2021
Interest expense on debt	11,459	8,797
Interest expense on lease obligations	1,172	1,166
Amortization of debt related transaction costs	2,757	982
Share in net (income) loss of equity investee	(584)	(1,388)
Foreign exchange loss (gain)	286	584
Other finance costs (income)	(6,021)	607
Finance costs and other	9,068	10,748

18. Earnings per share

In conjunction with the Combination, the Company 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"). The Company 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.

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Basic and diluted earnings (loss) per share

	Year ended December 31,	
	2022	2021
Basic earnings (loss) per share:		
Numerator:		
Net income (loss) attributable to equity holders of Topicus	52,928	(1,884,042)
Less: Dividends accrued to the preferred shareholders of Topicus subsequent to the notification of conversion	-	(25,731)
Net income (loss) attributable to the ordinary equity holders of Topicus	52,928	(1,909,773)
Denominator:		
Weighted average basic shares outstanding	80,488,504	63,318,650
Earnings (loss) per share		
Basic	0.66	(30.16)
Diluted earnings (loss) per share:		
Numerator:		
Net income (loss) attributable to the ordinary equity holders of Topicus	52,928	(1,909,773)
Add: Expense (income) associated with the redeemable preferred securities	-	2,302,185
Add: Net income (loss) attributable to the non-controlling interest holders of Topicus Coop	34,240	(339,589)
Net income (loss) to be used for diluted earnings per share	87,167	52,822
Denominator:		
Weighted average basic shares outstanding	80,488,504	63,318,650
Add: Effect of dilutive shares	49,353,315	66,363,090
Weighted average diluted shares outstanding	129,841,819	129,681,740
Earnings (loss) per share		
Diluted	0.66	(30.16)

For the year ended December 31, 2022 and 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.

19. Capital risk management

The Company's objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of organic growth combined with strategic acquisitions and to provide returns to its shareholders. The Company manages its capital with the objective of ensuring that there are adequate capital resources while maximizing the return to shareholders through the optimization of the debt and equity balance. The capital structure of the Company consists of cash, Topicus Revolving Credit Facility, Term and Other Loans, loans from shareholders, and components of shareholders' equity including retained earnings, preferred shares, non-controlling interest and share equity.

The Company is subject to certain covenants on its Topicus Revolving Credit Facility. The covenants include a leverage ratio and an interest coverage ratio. The Term and Other Loans are also subject to certain covenants. The Company monitors the ratios on a quarterly basis. As at December 31, 2022 and 2021, the Company is in compliance with its debt covenants on the Topicus Revolving Credit Facility. Other than disclosed in note 10, the Company is in compliance with its debt covenants associated with the Term

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and Other Loans. Other than the covenants required for the Topicus Revolving Credit Facility and the Term and Other Loans, the Company is not subject to any externally imposed capital requirements.

The Company makes adjustments to its capital structure in light of general economic conditions, the risk characteristics of the underlying assets and the Company's working capital requirements. In order to maintain or adjust its capital structure, the Company, upon approval from its board of directors, may increase or decrease dividends, increase or decrease amounts due on the Topicus Revolving Credit Facility or undertake other activities as deemed appropriate under the specific circumstances. The board of directors reviews and approves any material transactions not in the ordinary course of business, as well as significant acquisitions and other major investments above pre-determined quantitative thresholds.

20. Financial risk management and financial instruments

Overview

The Company is exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth. The main objectives of the Company's risk management process are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal financial risks to which the Company is exposed are described below.

Market risk

Market risk is the risk that changes in market prices, such as fluctuations in foreign exchange rates and interest rates, will affect the Company's income or the value of its financial instruments.

The Company is exposed to interest rate risk on the utilized portion of the Topicus Revolving Credit Facility and does not currently hold any financial instruments that mitigate this risk. If there was a 1% increase in the interest rate on the Topicus Revolving Credit Facility, there would be a corresponding decrease in income before tax of EUR 1,300. There would be an equal and opposite impact if there was a 1% decrease in the interest rate.

The Company is also exposed to interest rate risk on the utilized portion of the Term and Other Loans. If there was a 1% increase in the interest rate on the Term and Other Loans, there would be a corresponding decrease in income before tax of EUR 1,166. There would be an equal and opposite impact if there was a 1% decrease in the interest rate.

The Company operates internationally, giving rise to exposure to market risks from changes in foreign exchange rates which impact sales and purchases that are denominated in a currency other than the respective functional currencies of certain of its subsidiaries. The Company currently does not typically use derivative instruments to hedge its exposure to those risks. Most of the Company's businesses are organized geographically so that many of its expenses are incurred in the same currency as its revenues thus mitigating some of its exposure to currency fluctuations.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost. The Company manages liquidity risk through the management of its capital structure and financial leverage, as outlined in note 19 to the consolidated financial statements. The

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Company's growth is financed through a combination of cash flows from operations and borrowing under the Topicus Revolving Credit Facility and the Term and Other Loans. One of the Company's primary goals is to maintain an optimal level of liquidity through the active management of its assets and liabilities as well as its cash flows from operations. The details of the Topicus Revolving Credit Facility and the Term and Other Loans are disclosed in note 9 and note 10 to the consolidated financial statements. As at December 31, 2022, available credit in respect of the Topicus Revolving Credit facility was EUR 407,500.

The majority of the Company's financial liabilities recorded in accounts payable and accrued liabilities are due within 60 days. Holdbacks payable related to business acquisitions are generally due within six months to two years.

Given the Company's available liquid resources and credit capacity as compared to the timing of the payments of liabilities, the Company assesses its liquidity risk to be low.

Credit risk

Credit risk represents the financial loss that the Company would experience if a counterparty to a financial instrument, in which the Company has an amount owing from the counterparty failed to meet its obligations in accordance with the terms and conditions of its contracts with the Company. The carrying amount of the Company's financial assets, including receivables from customers, represents the Company's maximum credit exposure.

The majority of the accounts receivable balance relates to maintenance invoices to customers that have a history of payment. In addition, a large proportion of the Company's accounts receivable are with public sector government agencies where the credit risk has historically been assessed to be low.

The Company's accounts receivable is primarily from customers in the Netherlands and surrounding European countries.

The aging of accounts receivables at the reporting date was:

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	December 31, 2022	December 31, 2021
Current		
Gross	83,414	65,365
Impairment	(14)	(907)
Net	83,400	64,458
90-180 days		
Gross	5,981	4,626
Impairment	(159)	(152)
Net	5,822	4,474
More than 180 days		
Gross	12,118	5,070
Impairment	(5,550)	(3,276)
Net	6,568	1,794
Total accounts receivable		
Gross	101,513	75,061
Impairment	(5,723)	(4,335)
Net	95,790	70,725

An allowance account for accounts receivable is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at which point the amounts are considered to be uncollectible and are written off against the specific accounts receivable amount attributable to a customer. The number of days outstanding of an individual receivable balance is the key indicator for determining whether an account is at risk of being impaired.

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The movement in the allowance for impairment in respect of accounts receivable during the year ended:

	2022	2021
Aggregate balance at January 1	4,335	2,720
Increase from business acquisitions	1,639	1,501
Impairment loss recognized	2,011	3,358
Impairment loss reversed	(1,682)	(3,019)
Amounts written off	(584)	(206)
Other movements	4	(17)
Aggregate balance at December 31	5,723	4,335
Allowance for doubtful accounts arising from business combinations	1,779	613

There is no concentration of credit risk because of the Company's diverse and disparate number of customers with individual receivables that are not significant to the Company on a consolidated basis. In addition, the Company typically requires up front deposits from customers to protect against credit risk.

The Company manages credit risk related to cash by maintaining the majority of the Company's bank accounts with large, international, well-capitalized financial institutions.

Fair values versus carrying amounts

The carrying values of cash, accounts receivable, accounts payable and accrued liabilities, Loan from CSI, income taxes payable, and the majority of acquisition holdbacks, approximate their fair values due to the short-term nature of these instruments. The Term and Other Loans and the Topicus Revolving Credit Facility are subject to market interest rates.

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Reconciliation of cash flows from financing activities

The following table reconciles the changes in cash flows from financing activities for the Topicus Revolving Credit Facility, lease liability, Loan from CSI, and Term and Other Loans that are outstanding as at December 31:

	Topicus Revolving Credit Facility	Term and other loans	Loan payable to CSI	Lease liability
Balance at January 1, 2022	44,819	97,783	29,116	55,189
Increase arising from business combinations		11,306		
Proceeds from issuance of term and other loans	-	8,592	-	-
Repayments of term and other loans	-	(4,375)	-	-
Increase (decrease) in revolving credit facility	85,000	-	-	-
Credit facility transaction costs	(3,017)	(190)	-	-
Payments of lease obligations	-	-	-	(20,025)
Total financing cash flow activities	81,983	15,333	-	(20,025)
Amortization of debt related transaction costs	290	2,466	-	-
New leases, net of terminations and modifications	-	-	-	20,361
Foreign exchange and other movements	-	(118)	1,751	(67)
Total financing non-cash activities	290	2,348	1,751	20,294
Balance at December 31, 2022	127,092	115,464	30,867	55,458

	Topicus Revolving Credit Facility	Term Loans	Loan payable to CSI	Lease liability
Balance at January 1, 2021	19,482	32,572	-	51,107
Proceeds from issuance of term loans	-	67,227	-	-
Repayments of term loans	-	(411)	-	-
Proceeds from issuance of loan payable to CSI	-	-	28,362	-
Increase (decrease) in revolving credit facility	25,000	-	-	-
Credit facility transaction costs	-	(2,548)	-	-
Payments of lease obligations	-	-	-	(17,459)
Total financing cash flow activities	25,000	64,268	28,362	(17,459)
Amortization of debt related transaction costs	337	645	-	-
New leases, net of terminations and modifications	-	-	-	22,206
Foreign exchange and other movements	-	297	754	(665)
Total financing non-cash activities	337	942	754	21,541
Balance at December 31, 2021	44,819	97,783	29,116	55,189

Fair value hierarchy

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

- level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2 inputs are inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- level 3 inputs are inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

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Financial assets and financial liabilities measured at fair value as at December 31, 2022 and December 31, 2021 in the financial statements are summarized below. The Company has no additional financial liabilities measured at fair value initially other than those recognized in connection with business combinations and the redeemable preferred securities.

	December 31, 2022				December 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Equity securities held for trading	2	-	-	2	7	-	-	7
	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>7</u>	<u>-</u>	<u>-</u>	<u>7</u>
Liabilities:								
Redeemable preferred securities	-	-	-	-	-	-	66,614	66,614
Contingent consideration	-	-	20,034	20,034	-	-	5,392	5,392
	<u>-</u>	<u>-</u>	<u>20,034</u>	<u>20,034</u>	<u>-</u>	<u>-</u>	<u>72,007</u>	<u>72,007</u>

There were no transfers of fair value measurements between level 1, 2 and level 3 of the fair value hierarchy in the years ended December 31, 2022 and 2021.

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, 2022	5,392
Increase from business acquisitions	8,663
Cash recoveries (payments)	(964)
Charges (recoveries) through profit or loss	7,015
Foreign exchange and other movements	(72)
Balance at December 31, 2022	20,034
Contingent consideration classified as current liabilities	4,973
Contingent consideration classified as other non-current liabilities	15,062

Estimates of the fair value of contingent consideration are performed by the Company on a quarterly basis. Key unobservable inputs include revenue growth rates and the discount rates applied (7% to 11%). The estimated fair value increases as the annual growth rate increases and as the discount rate decreases and vice versa.

Redeemable Preferred Securities:

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Balance at January 1, 2022	66,614
Payments	(66,614)
Balance at December 31, 2022	-

Estimates of the fair value of the redeemable preferred securities were 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 was settled in February 2022.

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21. Revenue

The following tables provides information about unbilled revenue (contract asset) and deferred revenue (contract liability).

Unbilled Revenue:

	2022	2021
At January 1	35,763	15,539
Increase from business acquisitions	5,917	8,998
Decrease from transfers to accounts receivable	(68,534)	(30,082)
Increase from changes as a result of the measure of progress	74,434	41,192
Foreign exchange and other movements	43	116
At December 31	47,623	35,763
Unbilled revenue classified as a current asset	41,036	32,592
Unbilled revenue classified as a other non-current asset	6,587	3,171

Deferred Revenue:

	2022	2021
At January 1	83,445	60,639
Increase from business acquisitions	36,827	16,662
Decrease from revenue recognized that was included in the deferred revenue balance at the beginning of the period	(77,796)	(55,070)
Decrease from revenue recognized that arose from acquired deferred revenue balances in the current year	(32,647)	(12,759)
Increase due to cash received, excluding amounts recognized as revenue during the period	112,219	73,664
Foreign exchange and other movements	(2,372)	309
At December 31	119,675	83,445
Deferred revenue classified as a current liability	116,989	82,179
Deferred revenue classified as a other non-current liability	2,686	1,266

Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized ("contracted not yet recognized") and includes unearned revenue and amounts that will

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be invoiced and recognized as revenue in future periods. Contracted not yet recognized revenue was approximately EUR 700,000 as of December 31, 2022, of which the Company expects to recognize an estimated 60% of the revenue over the next 12 months and the remainder thereafter.

Costs to obtain a contract with a customer:

The Company has capitalized and amortized incremental commission costs on a systematic basis, consistent with the pattern of transfer of the good(s) or service(s) to which the commission relates as the Company believes these costs are recoverable. The total capitalized commission costs as of December 31, 2022 is EUR 944 (December 31, 2021 – EUR 971). The amount of amortization expense for the year ended December 31, 2022 was EUR 97 (December 31, 2021 – EUR 105) and there was no impairment loss in relation to the costs capitalized.

22. Operating segments

Each of the Company's operating segments operate essentially as "mini Topicus companies", conglomerates of small vertical market software companies with similar economic characteristics. Each operating segment CEO is focused on investing capital that generates returns at or above the investment hurdle rates set by the Company's head office and the board of directors. The Company aggregates operating segments into one reportable segment, consistent with the objective and basic principles of IFRS 8.

Geographical information

The Company operates primarily in Europe.

In presenting the geographical information, revenue is based on the location of the customer. Assets are based on the geographic locations of the assets.

Year ended December 31, 2022	The Netherlands	Rest of World	Total
Revenue	520,723	395,958	916,681
Non-current assets	612,110	372,889	984,999

Year ended December 31, 2021	The Netherlands	Rest of World	Total
Revenue	447,659	294,882	742,541
Non-current assets	576,729	250,601	827,330

Major customers

No customer represents revenue in excess of 5% of total revenue in both years ended December 31, 2022 and 2021.

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23. 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. The Company 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, the Company 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.

24. Guarantees

- (a) In the normal course of business, some of the Company's subsidiaries entered into lease agreements for facilities. As the joint lessees, the subsidiaries agree to indemnify the lessor for liabilities that may arise from the use of the leased facility. The maximum amount potentially payable under the foregoing indemnity cannot be reasonably estimated. The subsidiaries have liability insurance that relates to the indemnifications.
- (b) The Company and its subsidiaries have provided routine indemnifications to some of its customers against liability if the Company's product infringes on a third party's intellectual property rights. The maximum exposure from the indemnifications cannot be reasonably estimated.

25. Changes in non-cash operating working capital

	Year ended December 31,	
	2022	2021
Decrease (increase) in current accounts receivable	(3,569)	(10,439)
Decrease (increase) in current unbilled revenue	(2,430)	(10,985)
Decrease (increase) in other current assets	(4,436)	(2,436)
Decrease (increase) in inventories	(18)	(345)
Decrease (increase) in other non-current assets	(4,268)	(1,145)
Increase (decrease) in other non-current liabilities	2,867	1,496
Increase (decrease) in current accounts payable and accrued liabilities, excluding holdbacks from acquisitions	12,126	9,342
Increase (decrease) in current deferred revenue	353	5,796
Increase (decrease) in current provisions	(123)	671
Change in non-cash operating working capital	504	(8,044)

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26. Related parties

Transactions with related parties are assumed when a relationship exists between the Company and a natural person or entity that is affiliated with the Company. This includes, amongst others, the relationship between the Company and its subsidiaries, significant shareholders, directors, key management personnel, certain companies affiliated with key management personnel, and companies that are under common control of the Company's controlling shareholder, CSI. Transactions are transfers of resources, services or obligations, regardless whether anything has been charged. There have been no transactions with related parties that were not on a commercial basis, except from financing obtained from CSI, as explained below.

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. Furthermore, CSI reimburses the Company for certain salary expenses incurred by the Company on behalf of CSI. The net payments made by the Company to CSI for management fees and reimbursements of expenses during the year ended December 31, 2022 was EUR 9,330 (December 31, 2021 - EUR 6,899). During the year ended December 31, 2022, the Company expensed management fees of EUR 1,987 (December 31, 2021 – EUR 1,988).

The ending payable balance to CSI (included within "Accounts payable and accrued liabilities") as at December 31, 2022 was EUR 624 (December 31, 2021 – EUR 1,148).

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 year ended December 31, 2022 (included within "Professional services revenue") relating to such arrangements was EUR 6,564 (December 31, 2021 – EUR 4,255). The ending receivable balance (included within "Accounts receivable") as at December 31, 2022 relating to these arrangements was EUR 821 (December 31, 2021 – EUR 561).

Transactions with Vela Software Group in conjunction with the acquisition of Subsurface:

On July 1, 2022, the Company acquired Subsurface and its two interactive software solutions ("Subsurface") for the oil and gas vertical from Lloyd's Register (note 4). In conjunction with the acquisition of Subsurface, Vela contributed EUR 7,905 to acquire a 40% interest in Subsurface, the remaining 60% is owned by the Company.

Transactions with Vela Software Group and CSI in conjunction with the acquisition of Geosoftware:

On October 1, 2021, the Company acquired the assets of Geosoftware and at that time, CSI provided a non-interest-bearing loan to the Company in the amount of USD \$33,023. The loan was provided in USD (the functional currency of Geosoftware) and is temporary financing until permanent financing is arranged. The loan was originally due on December 31, 2022 and could be repaid by the Company at anytime. During the period ended December 31, 2022, the loan agreement was amended. The loan is now due on July 1, 2023, with the loan becoming interest-bearing at an annual rate of 2% starting July 1, 2022. The loan can be repaid by the Company at any time. During the year ended December 31, 2022, the Company recognized interest expense of EUR 328 relating to this loan. The interest payable as at December 31, 2022 is EUR 311 and has been included within "Accounts payable and accrued liabilities".

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During the year ended December 31, 2022, the Company repaid, net of advancements, EUR 1,817 of the working capital loan which had previously been provided by the Vela Software Group. The ending balance at December 31, 2022 was EUR 390 (included within "Accounts payable and accrued liabilities") (December 31, 2021 - EUR 2,207). The amount is non-interest bearing and is due on demand.

During the year ended December 31, 2022, Geosoftware reimbursed Vela for certain expenses incurred by Vela on behalf of Geosoftware. The amount payable as at December 31, 2022 relating to these amounts was EUR 1,840 (included within "Accounts payable and accrued liabilities") (December 31, 2021 – EUR 894)

Transactions with companies associated with key management personnel

The Company has entered into certain rental agreements for office space with companies that are affiliated with Henk-Jan Knol, a director of the Company. For the year ending December 31, 2022, the Company paid EUR 1,979 relating to these agreements (December 31, 2021 – EUR 1,657). The payable as at December 31, 2022 relating to these arrangements was EUR 7,254 (included within "Lease Obligations") (December 31, 2021 – EUR 6,974).

The Company has entered into certain agreements with companies that are affiliated with Robin van Poelje, the CEO of the Company, primarily associated with hosting services. For the year ending December 31, 2022, the Company expensed EUR 1,534 relating to these agreements, primarily included within "Third party license, maintenance and professional services" expenses (December 31, 2021 – EUR 886). The payable as at December 31, 2022 relating to these amounts was EUR 217 (included within "Accounts payable and accrued liabilities") (December 31, 2021 – EUR 44).

Key management personnel compensation

The key management personnel of the Company are the members of the Company's executive management team and the board of directors.

	Years ended December 31,	
	2022	2021
Salaries, bonus and employee benefits	6,573	6,938
Total	6,573	6,938

There were no significant post-employment benefits, other long-term benefits, or share-based payments attributed to the key management personnel in 2022 and 2021.

27. Non-controlling interests

The Company's non-controlling interest at December 31, 2022 is associated with Topicus Coop, an entity domiciled in the Netherlands and certain subsidiaries of Topicus Coop. Topicus Coop's common equity consists of Topicus Coop Ordinary Units. As at December 31, 2022, there were 129,841,818 Topicus Coop Ordinary Units outstanding, which are held by Topicus Coop's unitholders, as follows:

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

(Due to rounding, numbers presented may not foot.)

Years ended December 31, 2022 and 2021

- Topicus: 81,889,763 Topicus Coop Ordinary Units, representing 63.07% equity ownership.
- Joday Group: 39,331,284 Topicus Coop Ordinary Units, representing 30.29% equity ownership.
- Ijssel Group: 8,620,771 Topicus Coop Ordinary Units, representing 6.64% equity ownership.

All of the Topicus Coop Ordinary Units held by the Joday Group and Ijssel Group (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 certain subsidiaries that are not owned 100% by Topicus Coop and have a non-controlling interest. In 2021, the Company acquired a 60% interest in Geosoftware, the remaining 40% is owned by the Vela Software Group. Geosoftware is domiciled primarily in Europe and North America. Geosoftware is separately identified in the table below.

On May 16, 2022, the Company also acquired a controlling interest of 72.68% in Sygnity S.A. (“Sygnity”), a company based in Poland. The remaining 27.32% represents non-controlling interest. On July 1, 2022, the Company acquired a controlling interest of 60% in Subsurface, the remaining 40% is owned by the Vela Software Group. Subsurface is domiciled in Scotland.

The Sygnity and Subsurface balances are included in the column entitled “Topicus Coop (excluding Geosoftware)” in the chart below. The acquired balances and the contribution to revenue and net income from Sygnity and Subsurface are disclosed in note 4.

The following tables summarize the information relating to the Company's non-controlling interests in Topicus Coop before and after intercompany eliminations for December 31, 2022 and December 31, 2021:

	As at December 31, 2022			Inter-company eliminations	Total
	Topicus Coop (excluding Geosoftware)	Geosoftware	Topicus Coop		
Current assets	291,445	18,342	309,787		
Non-current assets	903,218	81,781	984,999		
Total assets	<u>1,194,663</u>	<u>100,123</u>	<u>1,294,786</u>		
Current liabilities	523,226	46,680	569,906		
Non-current liabilities	255,843	1,026	256,869		
Total liabilities	<u>779,068</u>	<u>47,706</u>	<u>826,774</u>		
Less: Non-controlling interest of Topicus Coop subsidiaries	24,892	20,965	45,857		
Net assets	<u>390,703</u>	<u>31,452</u>	<u>422,155</u>	(0)	422,155
Net assets allocated to the Ordinary Units of Topicus Coop classified as non-controlling interest					155,828
Add: Non-controlling interest of Topicus Coop subsidiaries					<u>45,857</u>
Total non-controlling interest					<u>201,685</u>

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Years ended December 31, 2022 and 2021

	As at December 31, 2021	Inter-company eliminations	Total
Non-controlling interest	37.60%		
Current assets	200,989		
Non-current assets	827,330		
Total assets	<u>1,028,319</u>		
Current liabilities	398,794		
Non-current liabilities	273,893		
Total liabilities	<u>672,687</u>		
Less: Non-controlling interest of Topicus Coop subsidiaries	21,096		
Less: Preference units of Topicus Coop classified as non-controlling interest	1,440,845		
Net assets	<u>(1,106,309)</u>	40,529	<u>(1,065,780)</u>
Net assets allocated to the Ordinary Units of Topicus Coop classified as non-controlling interest			(400,705)
Add: Non-controlling interest of Topicus Coop subsidiaries			21,096
Add: Preference units of Topicus Coop classified as non-controlling interest			1,440,845
Total non-controlling interest			<u>1,061,236</u>

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Years ended December 31, 2022 and 2021

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

	Year ended December 31, 2022			Inter-company eliminations	Total
	Topicus Coop (excluding Geosoftware)	Geosoftware	Topicus Coop		
Revenue	880,547	36,134	916,681		
Expenses	777,707	34,549	812,256		
Income (loss) before income taxes	102,840	1,585	104,425		
Income tax expense	15,603	1,205	16,808		
Net income (loss) prior to non-controlling interest allocation	87,237	380	87,617		
Less: Non-controlling interest of Topicus Coop subsidiaries	291	151	443		
Less: Income allocated to Preference Units of Topicus Coop	2,065	-	2,065		
Net income (loss) after allocation of non-controlling interest of Topicus Coop subsidiaries and Preference Units	84,880	229	85,109	-	85,109
Net income (loss) allocated to Ordinary Units of Topicus Coop classified as non-controlling interest					32,174
Add: Non-controlling interest of Topicus Coop subsidiaries					443
Add: Income allocated to Preference Units of Topicus Coop					2,065
Total non-controlling interest					34,682

	Year ended December 31, 2021		Inter-company eliminations	Total
Revenue		742,541		
Expenses		640,988		
Redeemable preferred securities expense (income) (note 11)		2,302,185		
Income (loss) before income taxes		(2,200,633)		
Income tax expense		21,600		
Net income (loss) prior to non-controlling interest allocation		(2,222,233)		
Less: Non-controlling interest of Topicus Coop subsidiaries		1,479		
Less: Income allocated to Preference Units of Topicus Coop held by non-controlling interests		15,092		
Net income (loss) after allocation of non-controlling interest of Topicus Coop subsidiaries and Preference Units classified as non-controlling interest		(2,238,804)	1,336,564	(902,241)
Net income (loss) allocated to Ordinary Units of Topicus Coop classified as non-controlling interest				(354,762)
Add: Non-controlling interest of Topicus Coop subsidiaries				1,479
Add: Income allocated to Preference Units of Topicus Coop classified as non-controlling interest				15,092
Total non-controlling interest				(338,191)

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

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(Due to rounding, numbers presented may not foot.)

Years ended December 31, 2022 and 2021

	Year ended December 31, 2022		
	Topicus Coop (excluding Geosoftware)	Geosoftware	Topicus Coop
Cash flows from (used in) operating activities	193,511	9,497	203,008
Cash flows from (used in) in financing activities	(4,905)	(3,250)	(8,155)
Cash flows from (used in) investing activities	(129,479)	(3,928)	(133,407)
			Year ended December 31, 2021
Cash flows from (used in) operating activities			176,423
Cash flows from (used in) in financing activities			56,694
Cash flows from (used in) investing activities			(213,425)

28. Subsequent events

Subsequent to December 31, 2022, the Company completed agreements to acquire certain businesses for aggregate cash consideration of EUR 24,796 on closing plus total estimated deferred payments of EUR 1,100 for total consideration of EUR 25,896. The business acquisitions operate in the financial services vertical.