

Constellation Software Inc. and Topicus.com Inc. Announce Results for Topicus.com Inc. for the Third Quarter Ended September 30, 2024

TORONTO, Oct. 31, 2024 -- Topicus.com Inc. (TSXV:TOI) in a joint release with Constellation Software Inc. (TSX:CSU) today announced financial results for Topicus.com Inc. ("Topicus" or the "Company") for the third quarter ended September 30, 2024. Please note that all amounts referred to in this press release are in Euros unless otherwise stated.

The following press release should be read in conjunction with the Company's Unaudited Condensed Consolidated Interim Financial Statements for the three and nine months ended September 30, 2024 and the accompanying notes, our Management's Discussion and Analysis for the three and nine months ended September 30, 2024 and the Annual Consolidated Financial Statements of Topicus.com Inc. for the year ended December 31, 2023, which we prepared in accordance with International Financial Reporting Standards ("IFRS") and the Company's annual Management's Discussion and Analysis for the year ended December 31, 2023, which can be found on SEDAR+ at www.sedarplus.com and on Topicus.com Inc.'s website www.topicus.com. Additional information about Topicus.com Inc. is also available on SEDAR+ at www.sedarplus.com.

Q3 2024 Headlines:

- Revenue increased 12% (4% organic growth) to €312.2 million compared to €278.8 million in Q3 2023.
- Net income increased 34% to €38.0 million (€0.28 on a diluted per share basis) from €28.3 million (€0.22 on a diluted per share basis).
- Acquisitions were completed for aggregate cash consideration of €18.2 million (which includes acquired cash). Deferred payments associated with these acquisitions have an estimated value of €8.5 million resulting in total consideration of €26.7 million.
- Cash flows from operations ("CFO") increased €6.2 million to €31.7 million compared to €25.5 million in Q3 2023.
- Free cash flow available to shareholders¹ ("FCFA2S") increased €3.9 million to €10.4 million compared to €6.5 million in Q3 2023.

Total revenue for the quarter ended September 30, 2024 was €312.2 million, an increase of 12%, or €33.4 million, compared to €278.8 million for the comparable period in 2023. For the first nine months of 2024 total revenues were €930.0 million, an increase of 14%, or €114.7 million, compared to €815.3 million for the comparable period in 2023. The increase for both the three and nine-month periods compared to the same periods in the prior year is primarily attributable to growth from acquisitions as the Company experienced organic growth of 4% for each of the periods. Organic growth is not a standardized financial measure and might not be comparable to measures disclosed by other issuers.

Net income for the quarter ended September 30, 2024 increased €9.7 million to €38.0 million compared to €28.3 million for the same period in 2023. On a per share basis, this translated into net income per basic and diluted share of €0.28 in the quarter ended September 30, 2024 compared to net income per basic and diluted share of €0.22 for the same period in 2023. For the nine months ended September 30, 2024 net income increased €20.4 million to €93.3 million compared to €72.9 million for the same period in 2023. On a per share basis, this translated into net income per basic and diluted share of €0.71 in the nine months ended September 30, 2024 compared to €0.57 for the same period in 2023.

For the quarter ended September 30, 2024, CFO increased €6.2 million to €31.7 million compared to €25.5 million for the same period in 2023 representing an increase of 24%. For the nine months ended September 30, 2024, CFO increased €83.9 million to €268.0 million compared to €184.1 million for the same period in 2023 representing an increase of 46%.

For the quarter ended September 30, 2024, FCFA2S increased €3.9 million to €10.4 million compared to €6.5 million for the same period in 2023 representing an increase of 61%. For the nine months ended September 30, 2024, FCFA2S increased €46.2 million to €140.7 million compared to €94.5 million for the same period in 2023 representing an increase of 49%.

Forward Looking Statements

Certain statements herein may be "forward looking" statements that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Topicus or the industry to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to vary significantly from the results discussed in the forward looking statements. These forward looking statements reflect current assumptions and expectations regarding future events and operating performance and are made as of the date hereof and Topicus assumes no obligation, except as required by law, to update any forward looking statements to reflect new events or circumstances.

Non-IFRS Measures

Free cash flow available to shareholders "FCFA2S" refers to net cash flows from operating activities less interest paid on lease obligations, interest paid on other facilities, credit facility transaction costs, repayments of lease obligations, dividends paid to redeemable preferred securities holders, and property and equipment purchased, and includes interest and dividends

received, and the proceeds from sale of interest rate caps. The portion of this amount applicable to non-controlling interests is then deducted. Topicus believes that FCFA2S is useful supplemental information as it provides an indication of the uncommitted cash flow that is available to shareholders if Topicus does not make any acquisitions, or investments, and does not repay any debts. While Topicus could use the FCFA2S to pay dividends or repurchase shares, Topicus' objective is to invest all of our FCFA2S in acquisitions which meet Topicus' hurdle rate.

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

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

	Three months ended September 30,		Nine months ended September 30,	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	(€ in millions)		(€ in millions)	
Net cash flows from operating activities	31.7	25.5	268.0	184.1
Adjusted for:				
Interest paid on lease obligations	(0.5)	(0.4)	(1.5)	(1.0)
Interest paid on other facilities	(5.6)	(4.8)	(15.4)	(11.4)
Proceeds from sale of interest rate cap	-	(0.7)	-	4.8
Credit facility transaction costs	(0.7)	-	(1.0)	(0.2)
Payments of lease obligations	(6.1)	(5.5)	(18.1)	(16.3)
Property and equipment purchased	(2.0)	(1.4)	(6.4)	(5.2)
	16.9	12.8	225.7	154.8
Less amount attributable to non-controlling interests	(6.5)	(6.3)	(85.0)	(60.3)
Free cash flow available to shareholders	10.4	6.5	140.7	94.5

Due to rounding, certain totals may not foot.

About Topicus.com Inc.

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

About Constellation Software Inc.

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

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SOURCE: TOPICUS.COM INC.

Topicus.com Inc.

Condensed Consolidated Interim Statements of Financial Position

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

Unaudited

	September 30, 2024	December 31, 2023	September 30, 2023
Assets			
Current assets:			
Cash	234,603	179,059	161,707

Accounts receivable	107,575	134,079	114,818
Unbilled revenue	46,394	44,838	48,132
Inventories	5,262	4,517	4,797
Other assets	63,830	55,250	59,685
	457,663	417,742	389,139
Non-current assets:			
Property and equipment	20,730	20,030	19,437
Right of use assets	67,189	61,066	55,631
Deferred income taxes	20,468	16,412	6,392
Other assets	12,942	13,824	13,540
Intangible assets	927,295	906,082	913,333
	1,048,624	1,017,415	1,008,334
Total assets	1,506,286	1,435,157	1,397,473
Liabilities and Shareholders' Equity			
Current liabilities:			
Topicus Revolving Credit Facility and current portion of term and other loans	295,855	161,077	175,845
Accounts payable and accrued liabilities	184,555	211,423	172,183
Deferred revenue	202,880	138,854	179,833
Provisions	1,578	1,708	1,208
Acquisition holdback payables	14,315	12,292	9,875
Lease obligations	21,544	20,614	19,055
Income taxes payable	21,616	20,068	19,689
	742,343	566,035	577,688
Non-current liabilities:			
Term and other loans	49,259	64,615	65,468
Deferred income taxes	142,913	137,155	135,164
Acquisition holdback payables	10,439	1,339	1,529
Lease obligations	46,788	41,524	37,665
Other liabilities	44,155	32,005	27,733
	293,554	276,639	267,559
Total liabilities	1,035,897	842,674	845,247
Shareholders' Equity:			
Capital stock	39,412	39,412	39,412
Accumulated other comprehensive income (loss)	2,649	2,390	839
Retained earnings (deficit)	232,796	297,382	273,519
Non-controlling interests	195,532	253,299	238,456
	470,389	592,483	552,226
Total liabilities and shareholders' equity	1,506,286	1,435,157	1,397,473

Topicus.com Inc.

Condensed Consolidated Interim Statements of Income (Loss)

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

Unaudited

Three months ended
September 30,

Nine months ended September
30,

	2024	2023	2024	2023
Revenue				
License	8,650	7,513	25,984	22,338
Professional services	76,318	72,104	230,632	213,418
Hardware and other	4,494	3,906	15,081	10,291
Maintenance and other recurring	222,760	195,286	658,282	569,276
	312,222	278,810	929,979	815,322
Expenses				
Staff	164,506	152,862	515,083	458,811
Hardware	3,204	2,988	11,395	7,111
Third party license, maintenance and professional services	23,737	22,265	70,794	64,153
Occupancy	2,674	679	8,063	5,705
Travel, telecommunications, supplies, software and equipment	11,789	11,140	36,675	31,407
Professional fees	4,991	3,815	15,265	12,653
Other, net	5,008	3,303	13,373	10,481
Depreciation	8,430	7,718	24,880	22,708
Amortization of intangible assets	34,255	31,874	99,337	89,820
	258,594	236,644	794,865	702,848
Impairment of intangible and other non-financial assets	-	-	633	-
Bargain purchase (gain)	-	-	(323)	-
Finance and other expenses (income)	6,821	5,308	18,255	14,705
	6,821	5,308	18,565	14,705
Income (loss) before income taxes	46,807	36,857	116,549	97,769
Current income tax expense (recovery)	16,168	14,317	44,698	41,543
Deferred income tax expense (recovery)	(7,390)	(5,805)	(21,429)	(16,699)
Income tax expense (recovery)	8,778	8,512	23,269	24,844
Net income (loss)	38,029	28,345	93,280	72,926
Net income (loss) attributable to:				
Equity holders of Topicus	23,340	17,983	58,447	46,455
Non-controlling interests	14,689	10,362	34,834	26,471
Net income (loss)	38,029	28,345	93,280	72,926
Weighted average shares				
Basic shares outstanding	82,912,026	81,889,764	82,664,754	81,889,764
Diluted shares outstanding	129,841,819	129,841,819	129,841,819	129,841,819
Earnings (loss) per common share of Topicus				
Basic	0.28	0.22	0.71	0.57
Diluted	0.28	0.22	0.71	0.57

Topicus.com Inc.

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

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

Unaudited

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Net income (loss)	38,029	28,345	93,280	72,926

Items that are or may be reclassified subsequently to net income (loss):

Foreign currency translation differences from foreign operations and other	(2,365)	481	806	2,684
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Other comprehensive (loss) income for the period, net of income tax	(2,365)	481	806	2,684
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Total comprehensive income (loss) for the period	35,664	28,826	94,086	75,610
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Total other comprehensive income (loss) attributable to:

Equity holders of Topicus	(1,019)	(5)	258	1,078
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Non-controlling interests	(1,346)	486	547	1,606
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Total other comprehensive income (loss)	(2,365)	481	806	2,684
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Total comprehensive income (loss) attributable to:

Equity holders of Topicus	22,321	17,978	58,705	47,533
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Non-controlling interests	13,342	10,848	35,381	28,076
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Total comprehensive income (loss)	35,664	28,826	94,086	75,610
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Topicus.com Inc.

Condensed Consolidated Interim Statement of Changes in Shareholders' Equity (Deficiency)

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

Unaudited

Nine months ended September 30, 2024

	Capital Stock	Accumulated other comprehensive (loss) income	Retained earnings (Deficit)	Total	Non-controlling interests	Total equity
Balance at January 1, 2024	39,412	2,390	297,382	339,185	253,299	592,483
<i>Total comprehensive income (loss) for the period:</i>						
Net income (loss)	-	-	58,447	58,447	34,834	93,280
<i>Other comprehensive income (loss)</i>						
Foreign currency translation differences from foreign operations and other, net of income tax	-	258	-	258	547	806
Total other comprehensive income (loss) for the period	-	258	-	258	547	806
Total comprehensive income (loss) for the period	-	258	58,447	58,705	35,381	94,086

Transactions with owners, recorded directly in equity

Other movements in non-controlling interests and equity	-	-	(188)	(188)	(305)	(493)
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Exchange of Topicus Coop ordinary units

held by non-controlling interests to subordinate voting shares of Topicus	-	-	4,797	4,797	(4,797)	-
Dividends paid to shareholders of the Company	-	-	(127,641)	(127,641)	-	(127,641)
Return of capital to non-controlling interests					(9,048)	(9,048)
Dividends paid to non-controlling interests	-	-	-	-	(78,998)	(78,998)
Balance at September 30, 2024	39,412	2,649	232,796	274,857	195,532	470,389

Topicus.com Inc.

Condensed Consolidated Interim Statement of Changes in Shareholders' Equity (Deficiency)

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

Unaudited

Nine months ended September 30, 2023

	Capital Stock	Accumulated other comprehensive (loss) income	Retained earnings (deficit)	Total	Non-controlling interests	Total equity
Balance at January 1, 2023	39,412	(232)	226,919	266,099	201,685	467,784
<i>Total comprehensive income (loss) for the period:</i>						
Net income (loss)	-	-	46,455	46,455	26,471	72,926
<i>Other comprehensive income (loss)</i>						
Foreign currency translation differences from foreign operations and other, net of income tax	-	1,078	-	1,078	1,606	2,684
Total other comprehensive income (loss) for the period	-	1,078	-	1,078	1,606	2,684
Total comprehensive income (loss) for the period	-	1,078	46,455	47,533	28,076	75,610
Transactions with owners, recorded directly in equity						
Other movements in non-controlling interests and equity	-	(7)	144	138	(196)	(58)
Contribution by non-controlling interests	-	-	-	-	9,617	9,617
Dividends paid to non-controlling interests	-	-	-	-	(726)	(726)
Balance at September 30, 2023	39,412	839	273,519	313,770	238,456	552,226

Topicus.com Inc.

Condensed Consolidated Interim Statements of Cash Flows

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

Unaudited

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Cash flows from (used in) operating activities:				
Net income (loss)	38,029	28,345	93,280	72,926
Adjustments for:				
Depreciation	8,430	7,718	24,880	22,708
Amortization of intangible assets	34,255	31,874	99,337	89,820
Impairment of intangible and other non-financial assets	-	-	633	-
Bargain purchase (gain)	-	-	(323)	-
Finance and other expenses (income)	6,821	5,308	18,255	14,705
Income tax expense (recovery)	8,778	8,512	23,269	24,844
Change in non-cash operating assets and liabilities exclusive of effects of business combinations	(49,742)	(42,776)	46,296	(1,642)
Income taxes (paid) received	(14,839)	(13,463)	(37,588)	(39,216)
Net cash flows from (used in) operating activities	31,732	25,518	268,039	184,145
Cash flows from (used in) financing activities:				
Interest paid on lease obligations	(524)	(375)	(1,461)	(1,029)
Interest paid on other facilities	(5,553)	(4,801)	(15,441)	(11,366)
Proceeds from sale of interest rate cap	-	(707)	-	4,809
Net increase (decrease) in Topicus Revolving Credit Facility	50,000	5,000	135,000	40,000
Proceeds from issuance of term and other loans	-	4,954	29,733	31,172
Repayment of loan from CSI	-	(29,878)	-	(29,878)
Increase (decrease) in loan from Vela Software Group	(300)	1,810	(300)	1,342
Contribution from Vela Software Group into GeoSoftware and Geoactive	-	9,617	-	9,617
Return of capital to non-controlling interests	-	-	(9,048)	-
Repayments of term and other loans	(39,014)	(4,232)	(44,681)	(77,173)
Credit facility transaction costs	(657)	-	(971)	(238)
Payments of lease obligations	(6,124)	(5,475)	(18,057)	(16,280)
Other financing activities	(356)	(24)	(356)	(24)
Dividends paid to non-controlling interests	(1,809)	-	(78,997)	(726)
Dividends paid to shareholders of the Company	-	-	(127,641)	-
Net cash flows from (used in) in financing activities	(4,337)	(24,112)	(132,222)	(49,775)
Cash flows from (used in) investing activities:				
Acquisition of businesses	(18,221)	(7,190)	(65,052)	(95,238)
Cash obtained with acquired businesses	2,325	1,443	14,444	7,026
Post-acquisition settlement payments, net of receipts	(6,707)	(4,845)	(15,940)	(15,900)
(Increase) decrease in restricted cash	(1,525)	-	(7,525)	-
Property and equipment purchased	(1,960)	(1,381)	(6,366)	(5,249)
Net cash flows from (used in) investing activities	(26,090)	(11,973)	(80,439)	(109,362)
Effect of foreign currency on cash and cash equivalents	(452)	(41)	166	(73)
Increase (decrease) in cash	854	(10,608)	55,544	24,935
Cash, beginning of period	233,749	172,315	179,059	136,772
Cash, end of period	234,603	161,707	234,603	161,707