

Constellation Software Inc. and Topicus.com Inc. Announce Results for Topicus.com Inc. for the First Quarter Ended March 31, 2024

TORONTO, May 01, 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 first quarter ended March 31, 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 months ended March 31, 2024 and the accompanying notes, our Management's Discussion and Analysis for the three months ended March 31, 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.

Q1 2024 Headlines:

- Revenue increased 16% (5% organic growth) to €306.6 million compared to €264.4 million in Q1 2023.
- Net income increased to €28.3 million (€0.22 on a diluted per share basis) from €21.1 million (€0.17 on a diluted per share basis).
- Acquisitions were completed for aggregate cash consideration of €36.5 million (which includes acquired cash). Deferred payments associated with these acquisitions have an estimated value of €17.5 million resulting in total consideration of €54.0 million.
- Cash flows from operations ("CFO") increased €53.5 million to €227.5 million compared to €174.0 million in Q1 2023 representing an increase of 31%.
- Free cash flow available to shareholders¹ ("FCFA2S") increased €32.3 million to €133.4 million compared to €101.1 in Q1 2023.

Total revenue for the quarter ended March 31, 2024 was €306.6 million, an increase of 16%, or €42.1 million, compared to €264.4 million for the comparable period in 2023. The increase for the three-month period compared to the same period in the prior year is primarily attributable to growth from acquisitions as the Company experienced organic growth of 5% in the quarter. Organic growth is not a standardized financial measure and might not be comparable to measures disclosed by other issuers.

Net income for the quarter ended March 31, 2024 increased €7.2 million to €28.3 million compared to €21.1 million for the same period in 2023. On a per share basis, this translated into net income per basic and diluted share of €0.22 in the quarter ended March 31, 2024 compared to €0.17 for the same period in 2023.

For the quarter ended March 31, 2024, CFO increased €53.5 million to €227.5 million compared to €174.0 million for the same period in 2023 representing an increase of 31%.

For the quarter ended March 31, 2024, FCFA2S increased €32.3 million to €133.4 million compared to €101.1 million for the same period in 2023 representing an increase of 32%.

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 March 31,	
	2024	2023
	(€ in millions)	
Net cash flows from operating activities	227.5	174.0
Adjusted for:		
Interest paid on lease obligations	(0.5)	(0.3)
Interest paid on other facilities	(3.2)	(3.1)
Credit facility transaction costs	-	(0.1)
Payments of lease obligations	(5.8)	(5.3)
Property and equipment purchased	(2.7)	(2.0)
	215.4	163.3
Less amount attributable to non-controlling interests	(82.0)	(62.2)
Free cash flow available to shareholders	133.4	101.1

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

	March 31, 2024	December 31, 2023	March 31, 2023
Assets			
Current assets:			
Cash	254,599	179,059	197,265
Accounts receivable	175,767	134,079	143,923
Unbilled revenue	49,454	44,838	47,210
Inventories	4,516	4,517	1,481
Other assets	63,845	55,250	49,574

	548,181	417,742	439,453
Non-current assets:			
Property and equipment	21,363	20,030	19,685
Right of use assets	63,054	61,066	53,933
Deferred income taxes	20,326	16,412	21,850
Other assets	13,437	13,824	17,021
Intangible assets	947,417	906,082	871,290
	1,065,598	1,017,415	983,778
Total assets	1,613,779	1,435,157	1,423,231
Liabilities and Shareholders' Equity			
Current liabilities:			
Topicus Revolving Credit Facility and current portion of term and other loans	265,221	161,077	123,871
Loan from CSI	-	-	30,361
Accounts payable and accrued liabilities	227,130	211,423	190,889
Deferred revenue	343,430	138,854	288,188
Provisions	1,535	1,708	1,081
Acquisition holdback payables	13,808	12,292	10,293
Lease obligations	21,338	20,614	18,384
Income taxes payable	23,102	20,068	14,041
	895,563	566,035	677,109
Non-current liabilities:			
Term and other loans	62,973	64,615	44,935
Deferred income taxes	148,142	137,155	147,205
Acquisition holdback payables	7,690	1,339	1,958
Lease obligations	42,748	41,524	36,635
Other liabilities	36,017	32,005	27,246
	297,570	276,639	257,979
Total liabilities	1,193,133	842,674	935,088
Shareholders' Equity:			
Capital stock	39,412	39,412	39,412
Accumulated other comprehensive income (loss)	3,016	2,390	(469)
Retained earnings (deficit)	192,136	297,382	240,820
Non-controlling interests	186,082	253,299	208,380
	420,646	592,483	488,143
Total liabilities and shareholders' equity	1,613,779	1,435,157	1,423,231

Topicus.com Inc.

Condensed Consolidated Interim Statements of Income (Loss)

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

Unaudited

	Three months ended March 31,	
	2024	2023
Revenue		
License	9,165	6,977

Professional services	75,005	69,340
Hardware and other	5,551	2,680
Maintenance and other recurring	216,848	185,432
	306,568	264,430
Expenses		
Staff	173,116	150,108
Hardware	4,620	1,578
Third party license, maintenance and professional services	23,352	20,548
Occupancy	2,710	2,466
Travel, telecommunications, supplies, software and equipment	11,983	9,564
Professional fees	5,092	4,280
Other, net	4,305	6,214
Depreciation	8,012	7,296
Amortization of intangible assets	31,672	27,960
	264,861	230,014
Impairment of intangible and other non-financial assets	633	-
Bargain purchase (gain)	(323)	-
Finance and other expenses (income)	4,998	4,950
	5,309	4,950
Income (loss) before income taxes	36,398	29,467
Current income tax expense (recovery)	15,083	12,328
Deferred income tax expense (recovery)	(6,998)	(3,989)
Income tax expense (recovery)	8,085	8,338
Net income (loss)	28,314	21,128
Net income (loss) attributable to:		
Equity holders of Topicus	18,089	13,900
Non-controlling interests	10,225	7,229
Net income (loss)	28,314	21,128
Weighted average shares		
Basic shares outstanding	82,195,644	81,889,764
Diluted shares outstanding	129,841,819	129,841,819
Earnings (loss) per common share of Topicus		
Basic	0.22	0.17
Diluted	0.22	0.17

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 March 31,	
	2024	2023
Net income (loss)	28,314	21,128
Items that are or may be reclassified subsequently to net income (loss):		
Foreign currency translation differences from foreign operations and other	1,926	(796)

Other comprehensive (loss) income for the period, net of income tax	1,926	(796)
Total comprehensive income (loss) for the period	30,240	20,332
Total other comprehensive income (loss) attributable to:		
Equity holders of Topicus	625	(237)
Non-controlling interests	1,301	(559)
Total other comprehensive income (loss)	1,926	(796)
Total comprehensive income (loss) attributable to:		
Equity holders of Topicus	18,714	13,663
Non-controlling interests	11,526	6,669
Total comprehensive income (loss)	30,240	20,332

Topicus.com Inc.

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

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

Unaudited

Three months ended March 31, 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)	-	-	18,089	18,089	10,225	28,314
<i>Other comprehensive income (loss)</i>						
Foreign currency translation differences from foreign operations and other, net of income tax	-	625	-	625	1,301	1,926
Total other comprehensive income (loss) for the period	-	625	-	625	1,301	1,926
Total comprehensive income (loss) for the period	-	625	18,089	18,714	11,526	30,240
Transactions with owners, recorded directly in equity						
Other movements in non-controlling interests and equity	-	-	72	72	31	103
Exchange of Topicus Coop ordinary units held by non-controlling interests to subordinate voting shares of Topicus	-	-	4,235	4,235	(4,235)	-
Dividends paid to shareholders of the Company	-	-	(127,641)	(127,641)	-	(127,641)
Dividends paid to non-controlling interests	-	-	-	-	(74,539)	(74,539)
Balance at March 31, 2024	39,412	3,016	192,136	234,565	186,082	420,646

Topicus.com Inc.Condensed Consolidated Interim Statement of Changes in Shareholders' Equity
(Deficiency)

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

Unaudited

Three months ended March 31, 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)	-	-	13,900	13,900	7,229	21,128
<i>Other comprehensive income (loss)</i>						
Foreign currency translation differences from foreign operations and other, net of income tax	-	(237)	-	(237)	(559)	(796)
Total other comprehensive income (loss) for the period	-	(237)	-	(237)	(559)	(796)
Total comprehensive income (loss) for the period	-	(237)	13,900	13,663	6,669	20,332

Transactions with owners, recorded directly in equity

Other movements in non-controlling interests and equity	-	-	1	1	25	26
Balance at March 31, 2023	39,412	(469)	240,820	279,763	208,380	488,143

Topicus.com Inc.

Condensed Consolidated Interim Statements of Cash Flows

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

Unaudited

	Three months ended March 31,	
	2024	2023
Cash flows from (used in) operating activities:		
Net income (loss)	28,314	21,128
Adjustments for:		
Depreciation	8,012	7,296
Amortization of intangible assets	31,672	27,960
Impairment of intangible and other non-financial assets	633	-
Bargain purchase (gain)	(323)	-
Finance and other expenses (income)	4,998	4,950
Income tax expense (recovery)	8,085	8,338
Change in non-cash operating assets and liabilities exclusive of effects of business combinations (note 16)	155,008	116,599
Income taxes (paid) received	(8,901)	(12,279)

Net cash flows from (used in) operating activities	227,497	173,993
Cash flows from (used in) financing activities:		
Interest paid on lease obligations	(457)	(306)
Interest paid on other facilities	(3,161)	(3,060)
Net increase (decrease) in Topicus Revolving Credit Facility	105,000	(10,000)
Proceeds from issuance of term and other loans	816	4,277
Repayments of term and other loans	(3,684)	(68,445)
Credit facility transaction costs	-	(63)
Payments of lease obligations	(5,817)	(5,263)
Dividends paid to non-controlling interests	(74,539)	-
Dividends paid to shareholders of the Company	(127,641)	-
Net cash flows from (used in) in financing activities	(109,483)	(82,860)
Cash flows from (used in) investing activities:		
Acquisition of businesses (note 4)	(36,542)	(24,796)
Cash obtained with acquired businesses (note 4)	7,024	972
Post-acquisition settlement payments, net of receipts	(4,214)	(4,487)
(Increase) decrease in restricted cash	(6,000)	-
Property and equipment purchased	(2,654)	(1,981)
Net cash flows from (used in) investing activities	(42,386)	(30,292)
Effect of foreign currency on cash and cash equivalents	(88)	(348)
Increase (decrease) in cash	75,540	60,493
Cash, beginning of period	179,059	136,772
Cash, end of period	254,599	197,265