

Condensed Consolidated Interim Financial Statements
(In euros)

Topicus.com Inc.

For the three and nine months ended September 30, 2023 and 2022
Unaudited

Topicus.com Inc.

Condensed Consolidated Interim Statements of Financial Position

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

Unaudited

	September 30, 2023	December 31, 2022	September 30, 2022
Assets			
Current assets:			
Cash	161,707	136,772	135,797
Accounts receivable	114,818	95,790	83,182
Unbilled revenue	48,132	41,036	44,335
Inventories	4,797	1,419	1,336
Other assets (note 5)	59,685	34,778	35,413
	389,139	309,795	300,063
Non-current assets:			
Property and equipment	19,437	19,579	19,328
Right of use assets	55,631	54,412	56,854
Deferred income taxes	5,148	19,978	9,135
Other assets (note 5)	13,540	17,030	16,439
Intangible assets (note 6)	917,219	874,000	896,251
	1,010,976	984,999	998,007
Total assets	1,400,115	1,294,794	1,298,070
Liabilities and Shareholders' Equity			
Current liabilities:			
Topicus Revolving Credit Facility and current portion of term and other loans (note 7 and 8)	175,845	201,275	156,945
Loan from CSI (note 17)	-	30,867	33,707
Accounts payable and accrued liabilities	172,183	174,824	139,581
Deferred revenue	179,833	116,989	152,486
Provisions (note 9)	1,208	1,884	1,186
Acquisition holdback payables	9,875	14,009	14,527
Lease obligations	19,055	18,824	19,040
Income taxes payable	19,689	11,467	16,826
	577,688	570,141	534,299
Non-current liabilities:			
Term and other loans (note 8)	65,468	41,280	106,201
Deferred income taxes	138,752	150,521	147,642
Acquisition holdback payables	1,529	2,316	2,578
Lease obligations	37,665	36,634	38,931
Other liabilities (note 5)	26,787	26,118	23,879
	270,201	256,869	319,231
Total liabilities	847,889	827,009	853,530
Shareholders' Equity:			
Capital stock (note 11)	39,412	39,412	39,412
Accumulated other comprehensive income (loss)	839	(232)	1,828
Retained earnings (deficit)	273,519	226,919	205,812
Non-controlling interests (note 18)	238,456	201,685	197,488
	552,226	467,784	444,541
Total liabilities and shareholders' equity	1,400,115	1,294,794	1,298,070

See accompanying notes to the condensed consolidated interim financial statements.

Topicus.com Inc.

Condensed Consolidated Interim Statements of Income (Loss)

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

Unaudited

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Revenue				
License	7,513	6,409	22,338	18,294
Professional services	72,104	59,576	213,418	166,165
Hardware and other	3,906	2,039	10,291	6,573
Maintenance and other recurring	195,286	160,565	569,276	461,940
	278,810	228,589	815,322	652,972
Expenses				
Staff	152,862	128,687	458,811	364,392
Hardware	2,988	1,575	7,111	3,809
Third party license, maintenance and professional services	22,265	18,602	64,153	54,701
Occupancy	679	2,039	5,705	5,379
Travel, telecommunications, supplies, software and equipment	11,140	8,399	31,407	22,947
Professional fees	3,815	3,960	12,653	11,536
Other, net	3,303	3,722	10,481	12,903
Depreciation	7,718	7,333	22,708	20,536
Amortization of intangible assets (note 6)	31,874	28,905	89,820	77,894
	236,644	203,222	702,848	574,098
Finance and other expenses (income) (note 12)	5,308	1,700	14,705	3,380
	5,308	1,700	14,705	3,380
Income (loss) before income taxes	36,857	23,666	97,769	75,494
Current income tax expense (recovery) (note 10)	14,317	11,934	41,543	34,198
Deferred income tax expense (recovery) (note 10)	(5,805)	(6,690)	(16,699)	(17,584)
Income tax expense (recovery)	8,512	5,245	24,844	16,614
Net income (loss)	28,345	18,421	72,926	58,880
Net income (loss) attributable to:				
Equity holders of Topicus (note 18)	17,983	11,834	46,455	35,931
Non-controlling interests (note 18)	10,362	6,587	26,471	22,949
Net income (loss)	28,345	18,421	72,926	58,880
Weighted average shares (note 13)				
Basic shares outstanding	81,889,764	80,477,481	81,889,764	80,168,445
Diluted shares outstanding	129,841,819	129,841,819	129,841,819	129,841,819
Earnings (loss) per common share of Topicus (note 13)				
Basic	0.22	0.15	0.57	0.45
Diluted	0.22	0.15	0.57	0.45

See accompanying notes to the condensed consolidated interim financial statements.

Topicus.com Inc.

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

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

Unaudited

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

See accompanying notes to the condensed consolidated interim financial statements.

Topicus.com Inc.

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

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

Unaudited

Nine months ended September 30, 2023

	Attributable to equity holders of Topicus					Total	Non-controlling interests	Total equity
	Preferred Shares	Capital Stock	Other equity	Accumulated other comprehensive (loss) income	Retained earnings (Deficit)			
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

See accompanying notes to the condensed consolidated interim financial statements.

Topicus.com Inc.

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

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

Unaudited

Nine months ended September 30, 2022

	Attributable to equity holders of Topicus					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 period:</i>								
Net income (loss)	-	-	-	-	35,931	35,931	22,949	58,880
<i>Other comprehensive income (loss)</i>								
Foreign currency translation differences from foreign operations and other	-	-	-	2,208	-	2,208	4,405	6,613
Total other comprehensive income (loss) for the period	-	-	-	2,208	-	2,208	4,405	6,613
Total comprehensive income (loss) for the period	-	-	-	2,208	35,931	38,138	27,354	65,493
Transactions with owners, recorded directly in equity								
Conversion of preferred shares to subordinate voting shares	(2,047,473)	-	2,047,473	-	-	-	-	-
Conversion of non-controlling interest preferred units to ordinary units and other movements in non-controlling interests	-	-	912,788	-	-	912,788	(912,788)	-
Net acquisition of non-controlling interest associated with business combinations	-	-	(23)	(0)	(166)	(189)	24,478	24,289
Reductions of non-controlling interest associated with disposals	-	-	-	-	-	-	(873)	(873)
Reclassification of other equity to retained earnings (deficit)	-	-	(1,950,242)	-	1,950,242	-	-	-
Exchange of Topicus Coop ordinary units held by non-controlling interests to subordinate voting shares of Topicus	-	-	-	-	1,919	1,919	(1,919)	-
Balance at September 30, 2022	-	39,412	-	1,828	205,812	247,052	197,488	444,541

See accompanying notes to the condensed consolidated interim financial statements.

Topicus.com Inc.

Condensed Consolidated Interim Statements of Cash Flows

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

Unaudited

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Cash flows from (used in) operating activities:				
Net income (loss)	28,345	18,421	72,926	58,880
Adjustments for:				
Depreciation	7,718	7,333	22,708	20,536
Amortization of intangible assets	31,874	28,905	89,820	77,894
Finance and other expenses (income)	5,308	1,700	14,705	3,380
Income tax expense (recovery)	8,512	5,245	24,844	16,614
Change in non-cash operating assets and liabilities exclusive of effects of business combinations (note 16)	(42,776)	(40,471)	(1,642)	8,517
Income taxes (paid) received	(13,463)	(10,211)	(39,216)	(30,884)
Net cash flows from (used in) operating activities	25,518	10,922	184,145	154,937
Cash flows from (used in) financing activities:				
Interest paid on lease obligations	(375)	(310)	(1,029)	(866)
Interest paid on other facilities	(4,801)	(3,430)	(11,366)	(7,417)
Proceeds from sale of interest rate cap	(707)	-	4,809	-
Net increase (decrease) in Topicus Revolving Credit Facility	5,000	5,000	40,000	105,000
Proceeds from issuance of term and other loans	4,954	7,808	31,172	8,154
Repayment of loan from CSI (note 17)	(29,878)	-	(29,878)	-
Increase (decrease) in loan from Vela Software Group (note 17)	1,810	(7,904)	1,342	(1,817)
Contribution from Vela Software Group into GeoSoftware and Geoactive (note 18)	9,617	-	9,617	-
Contribution from Vela Software Group towards the acquisition of Geoactive (note 18)	-	7,905	-	7,905
Repayments of term and other loans	(4,232)	(2,706)	(77,173)	(4,375)
Credit facility transaction costs	-	(145)	(238)	(145)
Payments of lease obligations	(5,475)	(5,203)	(16,280)	(14,777)
Other financing activities	(24)	(15)	(24)	(595)
Dividends to non-controlling interests	-	-	(726)	-
Dividends paid to redeemable preferred securities holders	-	-	-	(66,614)
Net cash flows from (used in) in financing activities	(24,112)	1,000	(49,775)	24,452
Cash flows from (used in) investing activities:				
Acquisition of businesses (note 4)	(7,190)	(35,660)	(95,238)	(143,319)
Cash obtained with acquired businesses (note 4)	1,443	9,872	7,026	37,484
Post-acquisition settlement payments, net of receipts	(4,845)	(8,869)	(15,900)	(11,300)
Interest, dividends and other proceeds received	-	-	-	3,028
Property and equipment purchased	(1,381)	(1,197)	(5,249)	(4,810)
Net cash flows from (used in) investing activities	(11,973)	(35,853)	(109,362)	(118,918)
Effect of foreign currency on cash and cash equivalents	(41)	0	(73)	0
Increase (decrease) in cash	(10,608)	(23,931)	24,935	60,471
Cash, beginning of period	172,315	159,728	136,772	75,326
Cash, end of period	161,707	135,797	161,707	135,797

See accompanying notes to the condensed consolidated interim financial statements.

TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements

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

(Due to rounding, numbers presented may not foot)

Three and nine months ended September 30, 2023 and 2022

(Unaudited)

Notes to the condensed consolidated interim financial statements

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

(Due to rounding, numbers presented may not foot)

Three and nine months ended September 30, 2023 and 2022

(Unaudited)

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.

The condensed consolidated interim financial statements of Topicus as at and for the periods ended September 30, 2023 and September 30, 2022 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% (December 31, 2022 – 63.07%) in Topicus Coop with 36.93% (December 31, 2022 – 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 condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies disclosed in Note 3 of the Topicus 2022 annual consolidated financial statements, available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com, except as disclosed herein.

These condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors of the Company on November 2, 2023.

These condensed consolidated interim financial statements should be read in conjunction with the Company's 2022 annual consolidated financial statements.

(b) Basis of measurement

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

(c) Functional and presentation of currency

The consolidated financial statements are presented in euro, which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and

TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements

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

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reported amounts of assets, liabilities, income and expenses, consistent with those disclosed in the 2022 annual consolidated financial statements and described in these condensed consolidated interim financial statements. 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.

3. Material accounting policies

The material accounting policies used in preparing these condensed consolidated interim financial statements are unchanged from those disclosed in the 2022 annual consolidated financial statements and have been applied consistently to all periods presented in these condensed consolidated interim financial statements.

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

4. Business acquisitions

During the nine-month period ended September 30, 2023, the Company completed acquisitions for aggregate cash consideration of EUR 95,238 plus expected cash holdback payables of EUR 1,516 and contingent consideration with an estimated acquisition date fair value of EUR 5,364 resulting in total consideration of EUR 102,118. The obligation for contingent consideration for acquisitions during the nine months ended September 30, 2023 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 6,465. Aggregate contingent consideration liability at September 30, 2023 of EUR 19,490 (December 31, 2022 – EUR 20,034) has been reported in the condensed consolidated interim 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 condensed consolidated interim statements of income. An expense of EUR 250 and income of EUR 1,029 has been recorded for the three and nine months ended September 30, 2023, as a result of such changes (expense of EUR 664 and EUR 2,745 for the three and nine months ended September 30, 2022).

None of the acquisitions completed during the nine-month period ended September 30, 2023 were deemed to be individually significant. All 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.

The acquisitions during the nine-month period ended September 30, 2023 include software companies catering to the insurance, horticulture, healthcare, transit, financial services, energy, fashion retail, construction, restaurant and retail, and agribusiness verticals 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.

TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements

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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. The goodwill is not expected to be deductible for income tax purposes.

The gross contractual amounts of acquired receivables was EUR 18,351 however, the Company has recorded an allowance of EUR 263 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 the last quarter of 2022 and the first three quarters of 2023. 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 105,747.

The aggregate impact of acquisition accounting applied in connection with the business acquisitions in the nine-month period ended September 30, 2023 is 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)

Three and nine months ended September 30, 2023 and 2022

(Unaudited)

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Assets acquired:	
Cash	7,026
Accounts receivable	18,088
Other current assets	11,157
Property and equipment	1,335
Right of use assets	7,259
Other non-current assets	407
Technology assets	55,700
Customer assets	62,700
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	163,671
Liabilities assumed:	
Current liabilities	27,675
Deferred revenue	13,255
Deferred income taxes	19,087
Long-term lease obligations	4,189
Other non-current liabilities	6,064
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	70,270
Goodwill	9,351
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Aggregate purchase price	102,752
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Non-cash consideration:	
Fair value of investment in affiliate in which control was acquired	(634)
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Total consideration	102,119
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The 2023 business acquisitions did not have a material impact to either the consolidated revenue or the consolidated net income (loss) for the nine months ended September 30, 2023. The materiality threshold is reviewed on a regular basis taking into account the quantitative (contribution to revenue and net income) and qualitative (size and comparability with other Topicus businesses) factors of current period acquisitions on both an individual and aggregate basis.

TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements

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(Due to rounding, numbers presented may not foot)

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(Unaudited)

5. Other assets and other non-current liabilities

(a) Other assets

	September 30, 2023	December 31, 2022
Prepaid expenses and other current assets	35,040	26,565
Sales tax receivable	2,897	1,466
Equity securities held for trading	2	2
Other receivables	21,747	6,746
Total other current assets	59,685	34,778
Costs to obtain a contract	48	92
Non-current trade and other receivables and other assets	11,381	14,808
Equity accounted investees	2,111	2,130
Total other non-current assets	13,540	17,030

(b) Other non-current liabilities

	September 30, 2023	December 31, 2022
Contingent consideration	11,513	15,062
Deferred revenue	2,880	2,686
Other non-current liabilities	12,394	8,370
Total other non-current liabilities	26,787	26,118

TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements

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

(Due to rounding, numbers presented may not foot)

Three and nine months ended September 30, 2023 and 2022

(Unaudited)

6. Intangible Assets

	Technology Assets	Customer Assets	Trademarks	Goodwill	Total
Cost					
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
Balance at January 1, 2023	499,419	592,783	25,406	222,349	1,339,956
Acquisitions through business combinations	55,700	62,700	-	11,425	129,825
Effect of movements in foreign exchange and other	1,437	1,627	-	513	3,578
Balance at September 30, 2023	556,556	657,110	25,406	234,287	1,473,359
Accumulated amortization and impairment losses					
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
Balance at January 1, 2023	273,336	187,840	4,762	18	465,956
Amortization for the period	45,144	43,724	952	-	89,820
Impairment charge	-	-	-	-	-
Effect of movements in foreign exchange and other	316	48	(0)	-	364
Balance at September 30, 2023	318,797	231,611	5,714	18	556,140
Carrying amounts					
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
At January 1, 2023	226,082	404,943	20,644	222,331	874,000
At September 30, 2023	237,760	425,499	19,692	234,269	917,219

TOPICUS.COM INC.

Notes to Condensed Consolidated Interim Financial Statements

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

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(Unaudited)

7. 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 matures on October 28, 2028 with an extension option for one year. 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 8). 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 September 30, 2023, EUR 170,000 (December 31, 2022 – EUR 130,000) 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 167,465 (December 31, 2022 – EUR 127,092) and has been classified as a current liability in the consolidated statement of financial position. As at September 30, 2023, the carrying amount of costs relating to this Topicus Revolving Credit Facility totaled EUR 2,535 (December 31, 2022 – EUR 2,908).

8. 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.

The term and other loans comprise the following:

	Term and Other Debt Facilities	
	September 30, 2023	December 31, 2022
Principal outstanding (and equal to fair value)	74,797	116,650
Deduct: Carrying value of transaction costs included in debt balance	(949)	(1,187)
Carrying value	73,847	115,463
Current portion	8,380	74,182
Non-current portion	65,468	41,280

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

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Year	Term and Other Debt Facilities
2023	5,137
2024	6,958
2025	40,741
2026	9,155
2027	2,928
2028	879
2029	9,000
	<hr/> 74,797 <hr/>

9. Provisions

At January 1, 2023	1,884
Reversal	(637)
Provisions recorded during the period	2,224
Provisions used during the period	(2,267)
Effect of movements in foreign exchange and other	4
At September 30, 2023	<hr/> 1,208 <hr/>
Provisions classified as current liabilities	1,208
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.

10. Income taxes

Income tax expense is recognized based on management's best estimate of the actual income tax rate for the interim period applied to the pre-tax income of the interim period for each entity in the consolidated group. As a result of foreign exchange fluctuations, acquisitions, and ongoing changes due to intercompany transactions amongst entities operating in different jurisdictions, the Company has determined that a reasonable estimate of a weighted average annual tax rate cannot be determined on a consolidated basis. The Company's consolidated effective tax rate in respect of continuing operations for the three and nine months ended September 30, 2023 was 23% and 25% (22% and 22% for the three and nine months ended September 30, 2022).

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 judgement. 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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11. Shareholders' Equity

	Common Stock	
	Number	Amount
September 30, 2023	81,889,764	39,412
December 31, 2022	81,889,764	39,412

The Company's authorized share capital consists of an unlimited number of Subordinate Voting Shares and 1 Super Voting Share. As at September 30, 2023, there are 81,889,763 Subordinate Voting Shares and 1 Super Voting Share outstanding. The Super Voting Share is held by Constellation Software Inc. ("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.

12. Finance and other expenses (income)

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Interest expense on debt	4,262	2,735	11,109	6,869
Interest expense on lease obligations	375	310	1,029	866
Amortization of debt related transaction costs	252	192	849	700
Share in net (income) loss of equity investee	0	0	(123)	(175)
Foreign exchange loss (gain)	360	81	1,390	544
Other finance costs (income)	59	(1,618)	451	(5,424)
Finance costs and other expenses (income)	5,308	1,700	14,705	3,380

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13. Earnings (loss) per share

Basic and diluted earnings (loss) per share

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Basic earnings (loss) per share:				
Numerator:				
Net income (loss) attributable to equity holders of Topicus	17,983	11,834	46,455	35,931
Denominator:				
Weighted average basic shares outstanding	81,889,764	80,477,481	81,889,764	80,168,445
Earnings (loss) per share				
Basic	0.22	0.15	0.57	0.45
Diluted earnings (loss) per share:				
Numerator:				
Net income (loss) attributable to the ordinary equity holders of Topicus	17,983	11,834	46,455	35,931
Add: Net income (loss) attributable to the non-controlling interest holders of Topicus Coop	10,530	7,242	27,203	24,287
Net income (loss) to be used for diluted earnings per share	28,514	19,076	73,658	60,217
Denominator:				
Weighted average basic shares outstanding	81,889,764	80,477,481	81,889,764	80,168,445
Add: Effect of dilutive shares	47,952,055	49,364,338	47,952,055	49,673,374
Weighted average diluted shares outstanding	129,841,819	129,841,819	129,841,819	129,841,819
Earnings (loss) per share				
Diluted	0.22	0.15	0.57	0.45

14. Financial instruments

Fair values versus carrying amounts

The carrying values of cash, accounts receivable, accounts payable and accrued liabilities, the majority of acquisition holdbacks, and the Revolving Credit Facility, approximate their fair values due to the short-term nature of these instruments. The carrying value of the Term and Other Loans approximate their fair value as the bank debt is subject to market interest rates.

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).

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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.

Financial assets and financial liabilities measured at fair value as of September 30, 2023 and December 31, 2022 in the condensed consolidated interim financial statements are summarized below. The Company has no additional financial liabilities measured at fair value after initial recognition other than those recognized in connection with business combinations.

	September 30, 2023				December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Equity securities held for trading	2	-	-	2	2	-	-	2
	2	-	-	2	2	-	-	2
Liabilities:								
Contingent consideration	-	-	19,490	19,490	-	-	20,034	20,034
	-	-	19,490	19,490	-	-	20,034	20,034

There were no transfers of fair value measurement between level 1, 2 and 3 of the fair value hierarchy in the periods ended September 30, 2023 and December 31, 2022.

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.

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Contingent Consideration

Balance at January 1, 2023	20,034
Increase from business acquisitions	5,364
Cash recoveries (payments)	(4,884)
Charges (recoveries) through profit or loss	(1,029)
Foreign exchange and other movements	5
Balance at September 30, 2023	19,490
Contingent consideration classified as current liabilities	7,977
Contingent consideration classified as other non-current liabilities	11,513

Estimates of the fair value of contingent consideration are performed by the Company on a quarterly basis. Key unobservable inputs include revenue/profitability growth rates and the discount rates applied (8% to 11%). The estimated fair value increases as the annual revenue/profitability growth rate increases and as the discount rate decreases and vice versa.

15. 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. Management 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, management 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.

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16. Changes in non-cash operating assets and liabilities

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Decrease (increase) in current accounts receivable	16,013	15,778	(2,956)	7,220
Decrease (increase) in current unbilled revenue	349	(305)	(3,913)	(5,628)
Decrease (increase) in other current assets	(2,753)	3,086	(10,248)	(6,126)
Decrease (increase) in inventories	(129)	344	67	23
Decrease (increase) in other non-current assets	1,712	(2,419)	226	(3,689)
Increase (decrease) in other non-current liabilities	(84)	274	(6,845)	760
Increase (decrease) in current accounts payable and accrued liabilities, excluding holdbacks from acquisitions	5,726	(2,108)	(24,804)	(20,263)
Increase (decrease) in current deferred revenue	(63,134)	(55,227)	48,053	37,046
Increase (decrease) in current provisions	(477)	107	(1,221)	(824)
Change in non-cash operating working capital	(42,776)	(40,471)	(1,642)	8,517

17. Related parties

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. The aggregate payments made by the Company to CSI for management fees and reimbursements of expenses during the three and nine months ended September 30, 2023 was EUR 1,158 and EUR 7,848 (September 30, 2022 - EUR 723 and EUR 8,760 for the three and nine months ended). During the three and nine months ended September 30, 2023, the Company expensed management fees of EUR 501 and EUR 1,503 (September 30, 2022 – EUR 497 and EUR 1,492 for the three and nine months ended).

The ending payable balance to CSI (included within "Accounts payable and accrued liabilities") as at September 30, 2023 was EUR 573 (December 31, 2022 – EUR 624).

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 three and nine months ended September 30, 2023 (included within "Professional services revenue") relating to such arrangements was EUR 1,900 and EUR 5,794 (September 30, 2022 – EUR 1,797 and EUR 4,797 for the three and nine months ended). The ending receivable balance (included within "Accounts receivable") as at September 30, 2023 relating to these arrangements was EUR 828 (December 31, 2022 – EUR 821).

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Transactions with Vela Software Group and CSI in conjunction with the acquisition of GeoSoftware and Geoactive

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 was temporary financing until permanent financing was arranged. The loan was originally due on December 31, 2022 and could be repaid by the Company at any time. During the period ended March 31, 2022, the loan agreement was amended to change the due date to July 1, 2023, with the loan becoming interest-bearing at an annual rate of 2% starting July 1, 2022. During the three and nine months ended September 30, 2023, the Company recognized interest expense of EUR NIL and EUR 304 relating to this loan. The loan was repaid in July 2023.

During the nine months ended September 30, 2023, the Company repaid, net of advancements, EUR 468 (September 30, 2022 - EUR 1,817) of the working capital loan which had previously been provided by the Vela Software Group, an operating group that is owned and controlled by CSI. The ending balance at September 30, 2023 was EUR NIL (included within "Accounts payable and accrued liabilities") (December 31, 2022 - EUR 390).

During the nine months ended September 30, 2023, GeoSoftware and Geoactive reimbursed Vela and CSI for certain expenses primarily related to salaries and benefits incurred by Vela and CSI on behalf of GeoSoftware and Geoactive. The total expenses reimbursed for the nine months ended September 30, 2023 was EUR 2,965 (Nine months ended September 30, 2022 – EUR 1,666). The amount payable as at September 30, 2023 relating to these amounts was EUR 467 (included within "Accounts payable and accrued liabilities") (December 31, 2022 – EUR 1,840).

During 2023, the Company paid a pro-rata dividend to the shareholders of Geoactive. A dividend of EUR 726 was paid to Vela.

During the period, Vela provided a loan to the Company in the amount of USD \$2,000. The loan is non-interest bearing, may be repaid by the Company at any time and matures in 2029. The Company is required to make annual principal payments in the amount of USD \$335 and the final payment is USD \$325. The long-term portion of the loan is included within "Other Liabilities" and the short-term portion of the loan is included within "Accounts Payable and Accrued Liabilities".

During the period, Vela contributed EUR 8,782 into GeoSoftware and EUR 835 into Geoactive. The contribution has been recorded as an increase to non-controlling interest by Topicus.

18. Non-controlling interests

The Company's non-controlling interest at September 30, 2023 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 September 30, 2023, there were 129,841,818 Topicus Coop Ordinary Units outstanding, which are held by Topicus Coop's unitholders, as follows:

- 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

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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. 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 Geoactive, the remaining 40% is owned by the Vela Software Group. Geoactive is domiciled in Scotland.

The following tables summarize the information relating to the Company's non-controlling interests in Topicus Coop.

As at September 30, 2023

	Topicus Coop (excluding GeoSoftware, Geoactive and Sygnity)	GeoSoftware	Geoactive	Sygnity	Topicus Coop
Current assets	339,074	16,552	9,652	23,855	389,133
Non-current assets	847,148	78,527	20,657	64,644	1,010,976
Total assets	1,186,222	95,079	30,309	88,499	1,400,109
Current liabilities	537,090	18,481	5,718	16,213	577,502
Non-current liabilities	249,556	2,919	4,503	13,223	270,201
Total liabilities	786,647	21,400	10,221	29,436	847,704
Less: Non-controlling interest of Topicus Coop subsidiaries	1,087	29,465	8,035	16,136	54,723
Net assets	398,488	44,214	12,053	42,927	497,682
Net assets allocated to the Ordinary Units of Topicus Coop classified as non-controlling interest					183,734
Add: Non-controlling interest of Topicus Coop subsidiaries					54,723
Total non-controlling interest					238,456

The following tables summarize the information on the condensed consolidated interim statement of income (loss) relating to the Company's non-controlling interests in Topicus Coop.

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	Three months ended September 30, 2023				
	Topicus Coop (excluding GeoSoftware, Geoactive and Sygnity)	GeoSoftware	Geoactive	Sygnity	Topicus Coop
Revenue	255,094	7,463	2,960	13,293	278,810
Expenses	218,974	8,301	3,054	11,623	241,952
Income (loss) before income taxes	36,119	(838)	(94)	1,670	36,858
Income tax expense	7,447	749	(26)	342	8,512
Net income (loss) prior to non-controlling interest allocation	28,672	(1,587)	(68)	1,328	28,346
Less: Non-controlling interest of Topicus Coop subsidiaries	132	(635)	(27)	363	(168)
Net income (loss) after allocation of non-controlling interest of Topicus Coop subsidiaries	28,541	(952)	(41)	965	28,514
Net income (loss) allocated to Ordinary Units of Topicus Coop classified as non-controlling interest					10,530
Add: Non-controlling interest of Topicus Coop subsidiaries					(168)
Total non-controlling interest					10,362

	Nine months ended September 30, 2023				
	Topicus Coop (excluding GeoSoftware, Geoactive and Sygnity)	GeoSoftware	Geoactive	Sygnity	Topicus Coop
Revenue	743,428	25,293	10,796	35,805	815,322
Expenses	646,328	26,383	9,707	35,134	717,552
Income (loss) before income taxes	97,101	(1,090)	1,089	671	97,771
Income tax expense	22,082	1,148	1,420	194	24,844
Net income (loss) prior to non-controlling interest allocation	75,019	(2,238)	(331)	477	72,927
Less: Non-controlling interest of Topicus Coop subsidiaries	166	(896)	(133)	130	(732)
Net income (loss) after allocation of non-controlling interest of Topicus Coop subsidiaries	74,854	(1,342)	(198)	347	73,660
Net income (loss) allocated to Ordinary Units of Topicus Coop classified as non-controlling interest					27,203
Add: Non-controlling interest of Topicus Coop subsidiaries					(732)
Total non-controlling interest					26,471

Financial information on the statement of cash flows for Topicus Coop is as follows for the three and nine months ended September 30, 2023:

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Three months ended September 30, 2023

	Topicus Coop (excluding GeoSoftware, Geoactive and Sygnity)	GeoSoftware	Geoactive	Sygnity	Topicus Coop
Cash flows from (used in) operating activities	18,743	3,546	1,569	1,660	25,518
Cash flows from (used in) in financing activities	(18,519)	(4,480)	(95)	(1,018)	(24,112)
Cash flows from (used in) investing activities	(11,912)	(49)	-	(12)	(11,973)

Nine months ended September 30, 2023

	Topicus Coop (excluding GeoSoftware, Geoactive and Sygnity)	GeoSoftware	Geoactive	Sygnity	Topicus Coop
Cash flows from (used in) operating activities	168,623	7,554	4,758	3,209	184,145
Cash flows from (used in) in financing activities	(39,269)	(5,167)	(1,971)	(3,368)	(49,775)
Cash flows from (used in) investing activities	(108,701)	(556)	-	(105)	(109,362)