No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities to be distributed under this Canadian prospectus may not be offered or sold in the United States by holders thereof unless registered under the U.S. Securities Act of 1933, as amended, and applicable state securities laws or an exemption from such registration is available. This Canadian prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities within the United States.

Prospectus

Initial Public Offering and Secondary Offering December 18, 2020

Topicus.com Inc.

Distribution by Constellation Software Inc. as a Dividend-in-Kind of 39,412,385 Subordinate Voting Shares of Topicus.com Inc.

Topicus.com Inc. (the "**Company**") is a newly-created corporation established under the *Business Corporations Act* (Ontario) and is a wholly-owned subsidiary of Constellation Software Inc. ("**CSI**") as of the date of this prospectus. The business of the Company (the "**Business**") will be comprised of (i) what is currently the Total Specific Solutions operating group of CSI, and (ii) the business carried on by Topicus.com B.V. (the "**Target**"), a Netherlands-based diversified vertical market software provider. Following the Spin-Out and the Acquisition (each as defined herein), the Company will indirectly own a 60.7% interest in the Business. The remaining 39.3% interest in the Business will be owned indirectly by Joday Investments II B.V. ("**Joday**") and certain individual investors affiliated therewith (the "**Individual Joday Investors**", and together with Joday the "**Joday Group**") (30.3%) and IJssel B.V. ("**IJssel**") (9.0%). The Company will operate as a separate publicly listed company from CSI. For more information see "*Topicus.com Inc.*" and "*Description of Capital Structure*".

This prospectus qualifies the distribution by CSI of an aggregate of 39,412,385 subordinate voting shares of the Company (the "**Spin-Out Shares**") to the holders of common shares of CSI (the "**CSI Shareholders**") on a pro-rata basis by way of a dividend-in-kind (the "**Dividend**") under applicable securities laws in each of the provinces and territories of Canada. See "*Principal and Selling Shareholders*". The securities to be distributed under this Canadian prospectus may not be offered or sold in the United States by holders thereof unless registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") and applicable state securities laws or an exemption from such registration is available. This Canadian prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities within the United States. CSI will own preferred shares of the Company that will have a cumulative dividend entitlement of 5% and a redemption amount equal to the fair market value of the Company at the time of the Dividend. CSI will have the right to cause the redemption of those preferred shares at any time, subject to certain conditions. As a result, the Spin-Out Shares are expected to have a nominal fair market value at the time of the Dividend.

The Dividend will be paid at a ratio of 1.859817814 Spin-Out Shares for every one common share of CSI (the "**CSI Common Shares**") which is outstanding on the record date fixed by the board of directors of CSI (the "**Record Date**"). Fractional shares will not be issued. The number of Spin-Out Shares to be distributed to a CSI Shareholder will be rounded down to the nearest whole number of Spin-Out Shares. As of the date of this prospectus, there were 21,191,530 CSI Common Shares outstanding.

The Spin-Out Shares are not available for purchase pursuant to this prospectus, and no funds are to be received by the Company or CSI from the distribution of the Spin-Out Shares. The expenses of the Offering will be paid by the Coop, which is, at the date of this prospectus, a subsidiary of CSI.

This prospectus also qualifies the grant by the Company of the Exchangeable Unit Provisions in respect of the Exchangeable Units (each as defined herein). For more information see "*Description of Capital Structure – Exchangeable Units*".

As at the date of this prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America. **There is currently no market through which the Spin-Out Shares may be sold and holders may not be able to resell the Spin-Out Shares distributed under this prospectus. This may affect the pricing of the Spin-Out Shares in the secondary market, and the transparency and availability of trading price, the liquidity of the Spin-Out Shares, and the extent of issuer regulation. See "*Risk Factors*".** The TSX Venture Exchange (the "**TSXV**") has conditionally approved the listing of the Spin-Out Shares (the "**Listing**"), subject to the Company fulfilling all of the listing requirements of the TSXV prior to January 27, 2021. The Listing is expected to occur approximately 30 days after the effective time of the Acquisition (as defined herein).

CSI Shareholders are advised to consult their own tax advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, foreign and other tax consequences of acquiring, holding or disposing of the Spin-Out Shares.

No underwriters or selling agents have been involved in the proposed distribution of the Spin-Out Shares, or the preparation of this prospectus, or performed a review or independent due diligence of the contents of this prospectus and no underwriters or selling agents have been, or will be compensated for the distribution of the Spin-Out Shares.

Robin van Poelje, Daan Dijkhuizen, Han Knooren and Paul Noordeman reside outside of Canada and have appointed Topicus.com Inc., 20 Adelaide Street East, Suite 1200, Toronto, Ontario, M5C 2T6 as their agent for service of process. Prospective investors are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person who resides outside of Canada, even if the party has appointed an agent for service of process. See "*Agent for Service of Process*".

There are risks inherent in the Company's business that may adversely affect the value of the Spin-Out Shares. See "*Risk Factors*".

TABLE OF CONTENTS

GENERAL MATTERS

All references in this prospectus to the "Company", "we", "us", "our" and "our company" refer to Topicus.com Inc. and its subsidiaries, unless the context requires otherwise.

Unless otherwise indicated, all information in this prospectus assumes that the Pre-Closing Reorganization, the Spin-Out and the Acquisition have been completed. See "*Description of Capital Structure*", "*Pre-Closing Reorganization*", "*The Spin-Out*" and "*Acquisition of the Target*".

References to "fully-diluted" in this prospectus assume (i) the conversion or exchange, as applicable, of all Preferred Shares and Exchangeable Units into Subordinate Voting Shares, (ii) any accrued but unpaid dividends on the Preferred Shares or Preference Units are paid in cash, and (iii) there are no further share or unit issuances, as applicable, by the Company or the Coop. Unless otherwise indicated, references to "fully-diluted" exclude the conversion of the Super Voting Share into a Subordinate Voting Share. See "*Topicus.com Inc. – Overview*" for a simplified diagram of the Company's corporate structure and fully-diluted capital structure assuming the completion of each of the Pre-Closing Reorganization, the Spin-Out and the Acquisition.

The Company prepares its financial statements in euros ("**EUR**") and in conformity with International Financial Reporting Standards ("**IFRS**").

All references to € are to EUR and all references to C$ are to Canadian dollars.

Certain trademarks used in this prospectus, such as Topicus.com, are trademarks we own. All other trademarks or service marks appearing in this prospectus are the trademarks or service marks of the company that owns them.

The terms and phrases used in this prospectus are defined in the "*Glossary of Terms*", and in some instances, also in the body of this prospectus.

EXCHANGE RATE INFORMATION

The following table sets out (i) the rate of exchange for one EUR in Canadian dollars in effect at the end of each of the periods indicated, (ii) the high and low rate of exchange during those periods, and (iii) the average rate of exchange for that period, each based on the closing buying rate of exchange published by the Bank of Canada.

	Nine months ended September 30, 2020	Year ended December 31, 2019	Year ended December 31, 2018
High	C$1.5851	C$1.6124	C$1.5441
Low	C$1.4282	C$1.4791	C$1.4438
End of Period	C$1.5631	C$1.5613	C$1.4583
Average	C$1.5220	C$1.5302	C$1.4856

On December 17, 2020 the closing buying rate for one EUR in Canadian dollars published by the Bank of Canada was €1.00 = C$1.5589.

ELIGIBILITY FOR INVESTMENT

Based on the current provisions of the *Income Tax Act* (Canada) and the regulations promulgated thereunder (the "**Tax Act**"), provided that at the time of the Dividend the Spin-Out Shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the TSXV), or the Company is, or is deemed to be, a "public corporation" as defined in the Tax Act, the Spin-Out Shares will be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), deferred profit sharing plan ("**DPSP**"), registered retirement income fund ("**RRIF**"), registered education savings plan ("**RESP**"), registered disability savings plan ("**RDSP**"), and a tax free savings account ("**TFSA**" and, together with RRSPs, DPSPs, RRIFs, RESPs and RDSPs, the "**Registered Plans**"). If the Spin-Out Shares are not listed on a "designated stock exchange" at the time of the Dividend, the Company intends to file an election, in its tax return for its first taxation year, to be deemed to have been a public corporation from the beginning of that year.

Notwithstanding that the Spin-Out Shares may be qualified investments for a trust governed by a TFSA, RDSP, RRSP, RRIF or RESP, the holder of a TFSA or RDSP, the annuitant under an RRSP or RRIF or the subscriber of an RESP will be subject to a penalty tax in respect of the Spin-Out Shares held by such TFSA, RDSP, RRSP, RRIF or RESP, as the case may be, if such Spin-Out Shares are a "prohibited investment" for such Registered Plan for the purposes of the Tax Act. The Spin-Out Shares will not be a prohibited investment for a TFSA, RDSP, RRSP, RRIF or RESP, provided that the holder of a TFSA or RDSP, the annuitant under an RRSP or RRIF or the subscriber of an RESP, as the case may be (i) deals at arm's length with the Company for purposes of the Tax Act and (ii) does not have a "significant interest" (within the meaning of the Tax Act) in the Company. In addition, the Spin-Out Shares will not be a prohibited investment if the Spin-Out Shares are "excluded property" (as defined in the Tax Act) for trusts governed by a TFSA, RDSP, RRSP, RRIF or RESP.

FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this prospectus, such statements use such words as "may", "will", "expect", "believe", "plan", "intend", "should", "anticipate" and other similar terminology. These statements reflect current assumptions and expectations regarding future events and operating performance and speak only as of the date of this prospectus. 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, including, but not limited to, the factors discussed under "*Risk Factors*". Although the forward-looking statements contained in this prospectus are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this prospectus, and the Company assumes no obligation to update or revise them to reflect new events or circumstances.

PROSPECTUS SUMMARY

The following is a summary of the principal features of this prospectus and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus. Unless otherwise indicated, the disclosure contained in this prospectus assumes that the steps under the heading "Description of Capital Structure", "Pre-Closing Reorganization", "The Spin-Out" and "Acquisition of the Target" have been completed. In this prospectus, unless otherwise indicated, all dollar amounts are expressed in euros. All references to "€" are to euros and all references to "C$" are to Canadian dollars. Please refer to the "Glossary of Terms" for a list of defined terms used herein.

Topicus.com Inc.

The Business will be comprised of (i) what is currently the Total Specific Solutions operating group of CSI, and (ii) the business carried on by the Target. Following the Spin-Out and the Acquisition, the Company will indirectly own a 60.7% interest in the Business. The remaining 39.3% interest in the Business will be owned indirectly by the Joday Group (30.3%) and IJssel (9.0%). The Company will operate as a separate publicly listed company from CSI. For more information see "*Topicus.com Inc.*" and "*Description of Capital Structure*", "*Pre-Closing Reorganization*", "*The Spin-Out*" and "*Acquisition of the Target*".

We acquire, manage and build vertical market software ("**VMS**") businesses, primarily located in the Netherlands. Generally, these businesses provide mission critical software solutions that address the specific needs of our customers in particular vertical markets. Our focus on acquiring businesses with growth potential, managing them well and then building them has allowed us to generate significant cash flow and revenue growth over the past five years. Using a combination of proprietary software and market expertise, we provide software solutions designed to enable our customers to boost productivity, operate more cost effectively, increase sales and improve customer service and satisfaction. Many of the VMS businesses that we acquire have the potential to be leaders within their particular markets. We target the VMS sector because of the attractive economics that it provides and our belief that our management teams have a deep understanding of those economics. See "*Topicus.com Inc.*".

Dividend

CSI is distributing to holders of the CSI Common Shares, as a dividend-in-kind, the Spin-Out Shares. The Dividend will be paid on the basis of 1.859817814 Spin-Out Shares for every one CSI Common Share which is outstanding on the Record Date fixed by the board of directors of CSI. Fractional shares will not be issued. The number of Spin-Out Shares to be distributed to a CSI Shareholder will be rounded down to the nearest whole number of Spin-Out Shares. As of the date of this prospectus, there were 21,191,530 CSI Common Shares outstanding. Following the distribution of the Spin-Out Shares, there will be 39,412,385 Subordinate Voting Shares outstanding, representing all of the outstanding Spin-Out Shares. CSI will own Preferred Shares of the Company that will have a cumulative dividend entitlement of 5% and a redemption amount equal to the fair market value of the Company at the time of the Dividend. CSI will have the right to cause the redemption of those Preferred Shares at the redemption amount at any time, subject to certain conditions. As a result, the Spin-Out Shares are expected to have a nominal fair market value at the time of the Dividend. See "*Topicus.com Inc. – Overview*" and "*The Spin-Out*".

Neither CSI nor the Company will receive any proceeds as a result of the distribution of the Spin-Out Shares.

Capital Structure of the Company

The Company's authorized share capital consists of an unlimited number of Subordinate Voting Shares, 1 Super Voting Share and an unlimited number of Preferred Shares. In addition, the Company's subsidiary, Topicus.com Coöperatief U.A. (the "**Coop**"), formerly named Constellation Software Netherlands Holding Coöperatief U.A., as 100% owner of the Business, is authorized to issue an unlimited number of Ordinary Units and an unlimited number of Preference Units, which, in each case, are, directly or indirectly, exchangeable by the Joday Group and IJssel for Subordinate Voting Shares. See "*Description of Capital Structure*".

Following the Spin-Out, Pre-Closing Reorganization and the Acquisition there will be (i) 39,412,385 Subordinate Voting Shares issued and outstanding, of which approximately 39,412,364 Subordinate Voting Shares will be held by public shareholders and approximately 21 Subordinate Voting Shares will be held by CSI (as fractional shares will not be distributed to CSI Shareholders pursuant to the Dividend), (ii) 39,412,385 Preferred Shares issued and outstanding that will be held by CSI, and (iii) 1 Super Voting Share issued and outstanding that will be held by CSI.

Following the Spin-Out, Pre-Closing Reorganization and the Acquisition, on a fully-diluted basis, there would be 129,841,818 Subordinate Voting Shares issued and outstanding, of which (i) approximately 39,412,364 Subordinate Voting Shares would be held by public shareholders, (ii) approximately 21 Subordinate Voting Shares would be held by CSI, (iii) 39,412,385 Subordinate Voting Shares would be held by CSI (upon the conversion of the Preferred Shares), (iv) 39,331,284 Subordinate Voting Shares would be held by the Joday Group (upon the exchange of the Exchangeable Units held by the Joday Group), and (v) 11,685,764 Subordinate Voting Shares would be held by IJssel (upon the exchange of the Exchangeable Units held by Ijssel). In addition, CSI would hold one additional Subordinate Voting Share upon the conversion of the Super Voting Share.

Subordinate Voting Shares and Super Voting Share

The Super Voting Share carries a greater number of votes per share relative to the Subordinate Voting Shares. Subordinate Voting Shares are therefore "restricted securities" within the meaning of such term under applicable Canadian securities laws. The Company is entitled to file this prospectus on the basis that it complies with Section 12.3(3)(b) of National Instrument 41-101 – *General Prospectus Requirements*, as it was a private issuer immediately before filing this prospectus.

Other than in respect of voting rights, the Subordinate Voting Shares and the Super Voting Share have the same rights, are equal in all respects and are treated as if they were one class of shares.

Voting

Holders of Subordinate Voting Shares and the Super Voting Share are entitled to attend and vote at meetings of the Company's shareholders except meetings at which only holders of a particular class are entitled to vote. Holders of Subordinate Voting Shares are entitled to one vote per share, and the holder of the Super Voting Share is entitled to that number of votes that equals 50.1% of the aggregate number of votes attached to all of the outstanding Super Voting Shares and Subordinate Voting Shares at such time. After giving effect to the Spin-Out, the Subordinate Voting Shares will collectively represent 99.999997% of our total outstanding voting shares and 49.9% of the votes attached to all of our outstanding voting shares, and the Super Voting Share will represent 0.000003% of our total outstanding voting shares and 50.1% of the votes attached to all of our outstanding voting shares. See "*Description of Capital Structure – Subordinate Voting Shares and Super Voting Share – Voting*".

Ranking and Priority

The Subordinate Voting Shares and the Super Voting Share will rank *pari passu*, share for share, with respect to the payment of dividends, return of capital and distribution of assets in the event of the liquidation, dissolution or winding-up of the Company. In the event of the liquidation, dissolution or winding-up of the Company, the rights of the holders of Subordinate Voting Shares and the Super Voting Share are subject to the rights of the holders of Preferred Shares. See "*Description of Capital Structure – Subordinate Voting Shares and Super Voting Share – Ranking and Priority*".

Dividends

Holders of the Subordinate Voting Shares and the Super Voting Share are entitled to receive dividends on a *pari passu*, share for share, basis at such times and in such amounts as the Company's board of directors may from time to time determine, without preference or distinction between the Subordinate Voting Shares and the Super Voting Share, subject to the preferential rights of the holders of the Preferred Shares. See "*Description of Capital Structure – Subordinate Voting Shares and Super Voting Share – Dividends*".

Conversion

The Subordinate Voting Shares are not convertible into any other class of shares. The Super Voting Share may be converted into one Subordinate Voting Share. See "*Description of Capital Structure – Subordinate Voting Shares and Super Voting Share – Conversion*".

Pre-Closing Reorganization, Spin-Out and Acquisition of the Target

Prior to the distribution of the Spin-Out Shares to the CSI Shareholders, the Company and certain other subsidiaries of CSI will enter into a series of transactions, which includes Total Specific Solutions (TSS) B.V., a subsidiary of the Coop, paying a dividend in the aggregate amount of €54,600,000 to its holders of ordinary membership interests at such time, and which results in the Company issuing the Spin-Out Shares and the Preferred Shares to CSI in exchange for the interests that CSI then holds in the Coop. CSI will then distribute, as a special dividend, the Spin-Out Shares (being all of the Subordinate Voting Shares held by CSI subject to rounding down to eliminate fractional shares) to CSI Shareholders as of the Record Date at a ratio of 1.859817814 Spin-Out Shares for every one CSI Common Share.

After the Spin-Out Shares have been distributed to CSI Shareholders, TPCS Holding B.V., a subsidiary of the Coop (the "**Purchaser**") will purchase the Target, a Netherlands-based diversified vertical market software provider, for a purchase price of €217,400,000, subject to adjustment, pursuant to the terms and conditions of an agreement with IJssel and the Coop for the sale to the Purchaser by IJssel of all of the shares of the Target.

See "*Pre-Closing Reorganization*", "*The Spin-Out*" and "*Acquisition of the Target*".

Risk Factors

There are risks inherent in the Company's business that may adversely affect the value of the Subordinate Voting Shares. Prospective investors should carefully consider the information set out under "*Risk Factors*" and the other information in this prospectus. Risks related to the Company and the industry in which it operates include: sustaining profitability; fluctuation in our quarterly revenues and operating results; identifying and completing suitable acquisitions; managing our growth through acquisitions effectively and managing the businesses we acquire; our material assets consist solely of interests in our operating subsidiaries; acquisition of contingent liabilities; fluctuating demand for our software solutions; customer demands for performance guarantees and fixed price quotes; competition from other software solution providers; attracting and retaining qualified sales personnel, customer service personnel and software developers; loss of our rights to use third party software; dependence on our relationship with CSI; retaining critical members of our senior management team; customer attrition; currency exchange rate fluctuations and other risks associated with international operations; exposure to unforeseen tax liabilities; change in subsidies, tax exemptions or deductions; impact of global, political and other global or local events; potential divestitures; frequent technological advances in some of the markets for our software products; inability to protect our proprietary technology; software solution development delays; errors or defects in our software products; dependence of some of our software solutions on hosting services; compliance with complex legal and regulatory requirements; current and potential litigation; incurring indebtedness; compromised security measures; and economic and trade sanctions. See "*Risk Factors – Risks Related to the Company and the Industry*".

Risks related to the Dividend and the Subordinate Voting Shares include: future sales by existing shareholders; absence of a prior public market for the Subordinate Voting Shares; fluctuation in the market price for the Subordinate Voting Shares; no commitment to pay dividends on the Subordinate Voting Shares; effects of dual class share structure; potential restrictions in operations and dilution to holders of Subordinate Voting Shares due to rights of CSI, the Joday Group and IJssel as shareholders; and potential for adverse tax consequences associated with the Dividend. See "*Risk Factors – Risks Related to the Dividend and the Subordinate Voting Shares*".

Market risks include: interest rate risk and inflation risk. See "*Risk Factors – Quantitative and Qualitative Disclosures about Market Risk*".

Certain Canadian Federal Income Tax Considerations

The Spin-Out of the Spin-Out Shares will occur as a taxable dividend for the purposes of the Tax Act. The amount of the taxable dividend received by a CSI Shareholder for the purposes of the Tax Act will be equal to the fair market value at the time of the Spin-Out of the Spin-Out Shares received by such holder on the Spin-Out.

A CSI Shareholder that is resident in Canada for the purposes of the Tax Act will be required to include the amount of the dividend in the holder's income, subject to, in the case of an individual, the gross-up and dividend tax credit rules normally applicable under the Tax Act to taxable dividends received from taxable Canadian corporations.

A CSI Shareholder that is not resident in Canada for purposes of the Tax Act will be subject to Canadian federal withholding tax at the rate of 25% on the amount of the dividend, subject to reduction under the terms of an applicable income tax treaty or convention.

See "*Certain Canadian Federal Income Tax Considerations*" for a more detailed discussion.

SUMMARY FINANCIAL INFORMATION

The following is a summary of selected consolidated financial information of the Coop (i) as at December 31, 2019 and 2018 and for the years ended December 31, 2019 and 2018 that has been derived from the Coop's audited consolidated financial statements appearing elsewhere in this prospectus, and (ii) as at September 30, 2020, and 2019 and for the three and nine months ended September 30, 2020 and 2019 that has been derived from the Coop's unaudited consolidated financial statements, appearing elsewhere in this prospectus. The summary financial information should be read in conjunction with the consolidated financial statements of the Coop (formerly named Constellation Software Netherlands Holding Coöperatief U.A.) and the related notes and with "*Management's Discussion and Analysis*" included in this prospectus. **The summary financial information presented is based on the historical financial performance of the Coop, as predecessor to the Company, and does not take into account the Pre-Closing Reorganization, the Spin-Out or the Acquisition.**

The following table displays a summary of the financial position of the Coop.

Consolidated Statement of Financial Position Data
(In thousands of euros)

	September 30, 2020	December 31, 2019	December 31, 2018
Cash	47,171	28,036	14,990
Property and equipment	7,745	8,575	8,278
Total assets	578,582	543,543	409,469
Revolving credit facility	-	49,169	43,808
Term loan	32,794	32,274	-
Net current deferred tax liability	68,952	70,355	49,386
Total members' equity	252,784	202,395	155,806

For the Three and Nine Months Ended September 30, 2020 and 2019

The following tables display a summary of the results of operations of the Coop for the three and nine month periods ended September 30, 2020 and 2019.

Results of Operations
(In millions of euros, except percentages and per share amounts)

	Three months ended September 30,		Period-Over-Period Change		Nine months ended September 30,		Period-Over-Period Change	
	2020	2019	€	%	2020	2019	€	%
Revenue	**121.2**	**102.0**	**19.2**	**19%**	**356.6**	**300.5**	**56.1**	**19%**
Expenses	83.4	76.2	7.2	9%	252.5	220.4	32.1	15%
Amortization of intangible assets	12.5	12.3	0.2	1%	36.6	33.1	3.5	11%
Finance and other expense (income)	1.4	1.2	0.2	19%	4.7	3.3	1.4	44%
Income before income taxes	23.9	12.3	11.6	95%	62.8	43.8	19.0	43%
Income tax expense (recovery)								
Current income tax expense (recovery)	7.3	5.5	1.8	33%	20.6	15.0	5.6	37%
Deferred income tax expense (recovery)	(2.7)	(1.8)	(0.9)	49%	(8.6)	(6.5)	(2.1)	33%
Income tax expense (recovery)	4.7	3.7	1.0	26%	12.0	8.5	3.4	40%
Net income	**19.3**	**8.6**	**10.7**	**124%**	**50.8**	**35.2**	**15.6**	**44%**
Weighted average units outstanding								
Basic	59.1	59.1			59.1	59.1		
Diluted	59.1	59.1			59.1	62.2		
Net income per unit								
Basic	€0.33	€0.15	€0.18	124%	€0.86	€0.60	€0.26	44%
Diluted	€0.33	€0.15	€0.18	124%	€0.86	€0.57	€0.29	51%

NM – Not meaningful
Due to rounding, certain totals may not foot and certain percentages may not reconcile.

For the Fiscal Years Ended December 31, 2019 and 2018

The following table displays a summary of the results of operations of the Coop for the fiscal years ended December 31, 2019 and 2018.

Results of Operations
(In millions of euros, except percentages and per share amounts)

	Year Ended December 31,		Period-Over-Period Change	
	2019	2018	€	%
Revenue	**417.4**	**356.0**	**61.4**	**17%**
Expenses	307.9	265.1	42.8	16%
Amortization of intangible assets	46.3	37.3	9.0	24%
Finance and other expense (income)	4.5	5.7	(1.2)	-21%
Income before income taxes	58.7	47.8	10.9	23%
Income tax expense (recovery)				
Current income tax expense (recovery)	20.6	17.8	2.8	16%
Deferred income tax expense (recovery)	(8.3)	(17.5)	9.2	-52%
Income tax expense (recovery)	12.2	0.3	12.0	NM
Net income	**46.5**	**47.5**	**(1.1)**	**-2%**
Weighted average units outstanding				
Basic	59.1	59.1		
Diluted	61.4	73.7		
Net income per unit				
Basic	€0.79	€0.80	-€0.02	-2%
Diluted	€0.76	€0.67	€0.09	13%

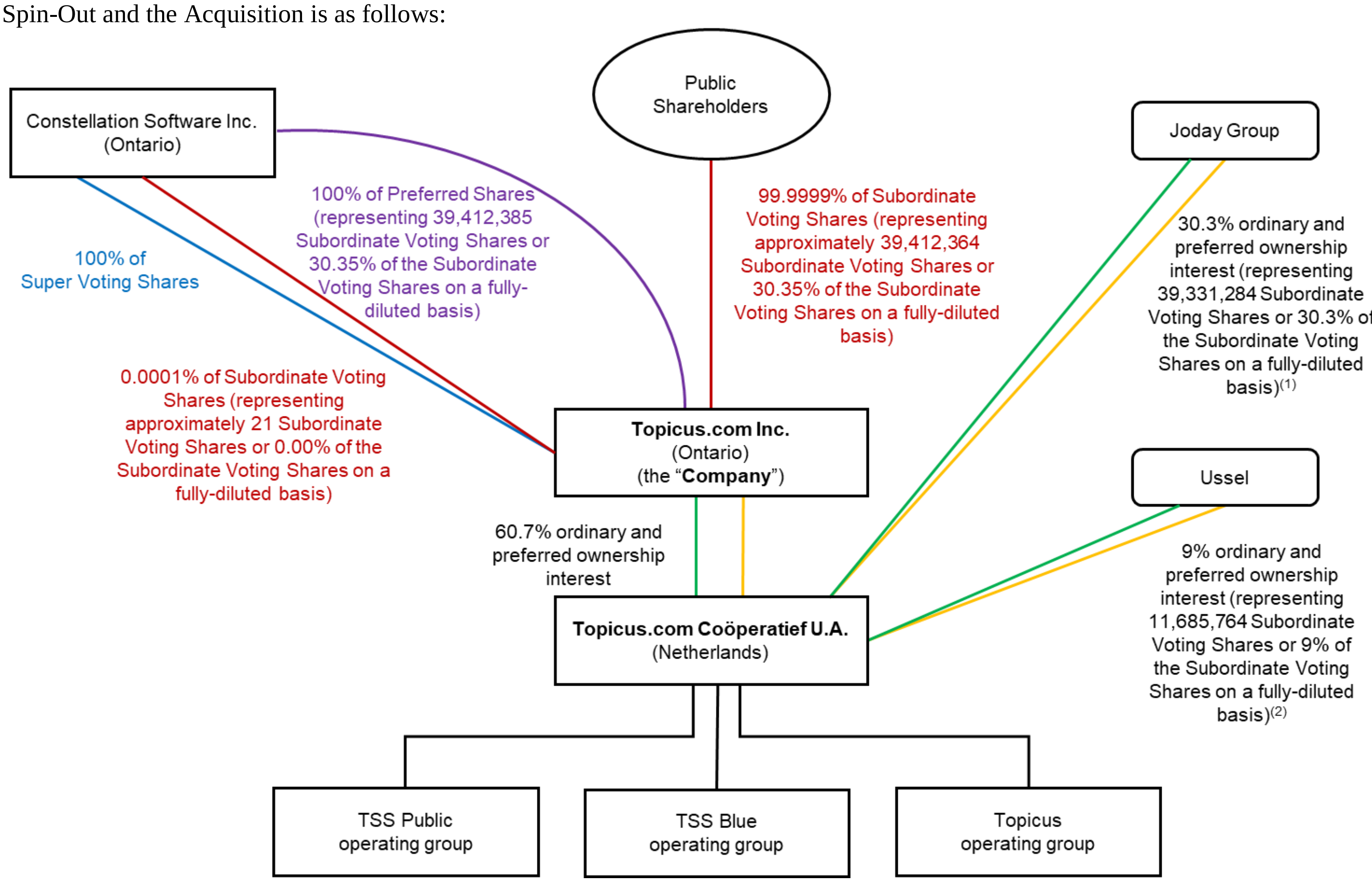
NM - Not meaningful
Due to rounding, certain totals may not foot and certain percentages may not reconcile.

TOPICUS.COM INC.

Overview

The Company was incorporated under the *Business Corporations Act* (Ontario) on September 10, 2020. The Business will be comprised of (i) what is currently the Total Specific Solutions operating group of CSI, and (ii) the business carried on by the Target. Following the Spin-Out and the Acquisition, the Company will indirectly own a 60.7% interest in the Business. The remaining 39.3% interest in the Business will be owned indirectly by the Joday Group (30.3%) and IJssel (9.0%). The Company will operate as a separate publicly listed company from CSI.

A simplified diagram of the Company's corporate structure assuming the completion of each of the Pre-Closing Reorganization, the Spin-Out and the Acquisition is as follows:



(1) Reflects the (i) conversion of 19,665,642 Preference Units into 19,665,642 Ordinary Units and the subsequent exchange of such Ordinary Units into 19,665,642 Subordinate Voting Shares, and (ii) exchange of 19,665,642 Ordinary Units into 19,665,642 Subordinate Voting Shares.

(2) Reflects the (i) conversion of 5,842,882 Preference Units into 5,842,882 Ordinary Units and the subsequent exchange of such Ordinary Units into 5,842,882 Subordinate Voting Shares, and (ii) exchange of 5,842,882 Ordinary Units into 5,842,882 Subordinate Voting Shares.

For further details see "*Description of Capital Structure*".

Our head and registered office is located at 20 Adelaide Street East, Suite 1200, Toronto, Ontario M5C 2T6. We also have more than 95 other offices in Europe including operational headquarters in Nieuwegein, the Netherlands. Following completion of the Acquisition, our operational headquarters will be relocated to Deventer, the Netherlands. Our website address is topicus.com. Our website and the information contained on, or referred to therein, is not incorporated in this prospectus.

The following list outlines, as at December 17, 2020, each of our subsidiaries. Unless otherwise indicated, each such subsidiary is owned 100%, either directly or indirectly, by the Company.

Entity Name	Governing Jurisdiction	Entity Name	Governing Jurisdiction
ACA Fashion Software B.V.	Netherlands	ACA Groep Holding B.V.	Netherlands
ACA Labels & Supplies B.V.(1)	Netherlands	Accountancy Portal Solutions B.V.	Netherlands
Alteva SAS	France	Arter Oy	Finland
Biomedical Data Solutions Ltd	United Kingdom	Blueriq B.V.	Netherlands
CCI Groep B.V.	Netherlands	C.T.I. Soft S.L.	Spain
Civity B.V.	Netherlands	Colsoluce SAS	France
Constellation Software Netherlands Coöperatief U.A. (Topicus.com Coöperatief U.A.)(2)	Netherlands	DataPlaza B.V.	Netherlands
Divide B.V.	Netherlands	Dobrick + Wagner Softwarehouse GmbH	Germany
Dynamic Software D.S. N.V.	Belgium	easySoft. GmbH	Germany
Emergo Systems B.V.	Netherlands	Enterlan Media S.A.	Spain
Enterlan S.A.	Spain	Ergovia GmbH	Germany
Evolution Commerce AB	Sweden	FDT-System AB	Sweden
Felix Informatique SAS	France	Forsikringens Datacenter A/S	Denmark
Futunio Oy	Finland	Grupo Enterlan A.I.E.	Spain
GTHL Cil Sarl	France	H.I. Systems B.V.	Netherlands
Heliantis SAS	France	Hercules Social Housing B.V.	Netherlands
Infoflex Data AB	Sweden	IQDoQ GmbH	Germany
Itris B.V.	Netherlands	KMO Solutions B.V.	Netherlands
Korton Software B.V.	Netherlands	Kred'it B.V.	Netherlands
KZA B.V.	Netherlands	Magenta Multimedia Tools B.V.	Netherlands
Mediamaestro Oy	Finland	Metamicro SAS	France
MicroCash Retail B.V.	Netherlands	NCCW B.V.	Netherlands
Niveo B.V.	Netherlands	Nostradamus ICT B.V.	Netherlands
Notarissoftware Nederland B.V.	Netherlands	NotuBiz Belgium BVBA	Belgium
NotuBiz Holding B.V.	Netherlands	Notubiz Nederland B.V.	Netherlands
Notuleerservice Nederland B.V.	Netherlands	Ofimatica TSS S.L.	Spain
OneTrail B.V.	Netherlands	OneTrail Holding B.V.	Netherlands
OneTrail UK Ltd	United Kingdom	PharmaPartners B.V.	Netherlands
Ping Pong AB	Sweden	PinkRoccade Healthcare B.V.	Netherlands
PinkRoccade Healthcare Gezondheidszorg B.V.	Netherlands	PinkRoccade Local Government B.V.	Netherlands
P.R.E.K. AB	Sweden	Prek Service AB	Sweden
Prequest Nederland B.V.	Netherlands	Prohandel GmbH	Germany
QPS Canada Inc.	Canada	Quality Positioning Services (Q.P.S.) B.V.	Netherlands
Quality Positioning Services Inc.	USA	Quantaris B.V.	Netherlands
Reflecta Automation B.V.	Netherlands	RTS Remote Terminal System S.L.	Spain
RTS Remote Terminal Systems Srl	Italy	Salvia Development SAS	France
Salvia Holding SAS	France	Sanguin International Inc.	USA
Services Technidata Canada Inc	Canada	SPYRO I MAS D A.I.E.	Spain
Square Information Solutions B.V.	Netherlands	SRCI SAS	France
Stadsbeheer B.V.	Netherlands	Technidata America Medical Software LLC	USA
Technidata Asia	Philippines	Technidata Benelux B.V.	Netherlands
Technidata France SAS	France	Technidata Inc(3)	Philippines
Technidata Italia Srl	Italy	Technidata Ltd	Hong Kong
Technidata Medical Soft. Engineering GmbH	Germany	Technidata SAS	France
Technidata UK Ltd	United Kingdom	Total Specific Solutions (TSS) B.V.	Netherlands
Total System Development B.V.	Netherlands	TPCS Holding B.V.	Netherlands
Tribofilm Industries SAS	France	Tri-ennium Software B.V.	Netherlands
TSS Deutschland GmbH	Germany	TSS Europe B.V.	Netherlands
TSS Finland Oy	Finland	TSS France Holdco B.V.	Netherlands
TSS France SAS	France	TSS Management B.V.	Netherlands
TSS Nordic AB	Sweden	Vicrea Solutions B.V.	Netherlands

Entity Name	Governing Jurisdiction	Entity Name	Governing Jurisdiction
Vlot Systemen B.V.	Netherlands	VOF VeiligheidsRegio initiatief[(4)]	Netherlands
Wiko Bausoftware GmbH	Germany	Wiko Business Academy GmbH	Germany
Windex Bedrijfssoftware B.V.	Netherlands	Yonder Nederland B.V.	Netherlands
Yonder SRL	Romania		

(1) The Company, through certain of its wholly owned subsidiaries, owns 75%.
(2) The Company owns 66.7%. Upon the completion of the Acquisition the Company will own 60.7%.
(3) The Company, through certain of its wholly owned subsidiaries, owns 99.97%.
(4) The Company, through certain of its wholly owned subsidiaries, owns 50%.

The following list of additional subsidiaries will be added to the Company's organizational structure upon the completion of the Acquisition. Unless otherwise indicated, each such additional subsidiary will be owned 100%, either directly or indirectly, by the Company.

Entity Name	Governing Jurisdiction	Entity Name	Governing Jurisdiction
Calculus Software B.V.	Netherlands	Calculus Voorraad B.V.[(1)]	Netherlands
Dedact B.V.[(2)]	Netherlands	Gynzy Kids B.V.[(3)]	Netherlands
Jungo B.V.	Netherlands	Jungo Investment Services B.V.	Netherlands
Lease-deal Holding B.V.	Netherlands	Lease-deal Nederland B.V.	Netherlands
Navara Enterprise Application Software B.V.[(4)]	Netherlands	NetQ Healthcare B.V.	Netherlands
PBTC (Powered By The Crowd) B.V.	Netherlands	Proigia B.V.	Netherlands
Riskchanger B.V.[(5)]	Netherlands	Toegang.org B.V.	Netherlands
Topicus Algemeen Holding B.V.	Netherlands	Topicus B.V.	Netherlands
Topicus Finance Holding B.V.	Netherlands	Topicus Onderwijs Holding B.V.	Netherlands
Topicus Overheid Holding B.V.	Netherlands	Topicus Pensioen Perfect B.V.	Netherlands
Topicus Pension & Wealth B.V.	Netherlands	Topicus Pension & Wealth Holding B.V.	Netherlands
Topicus Security B.V.	Netherlands	Topicus Zorg Holding B.V.	Netherlands
Topicus.Education B.V.	Netherlands	Topicus.Finance B.V.	Netherlands
Topicus.Healthcare B.V.	Netherlands	Topicus.Overheid B.V.	Netherlands

(1) The Company, through certain of its wholly owned subsidiaries, will own 55%.
(2) The Company, through certain of its wholly owned subsidiaries, will own 80%.
(3) The Company, through certain of its wholly owned subsidiaries, will own 50%.
(4) The Company, through certain of its wholly owned subsidiaries, will own 95%.
(5) The Company, through certain of its wholly owned subsidiaries, will own 50%.

BUSINESS OF THE COMPANY

Business Overview

We acquire, manage and build VMS businesses, primarily located in the Netherlands. Generally, these businesses provide mission critical software solutions that address the specific needs of our customers in particular vertical markets. Our focus on acquiring businesses with growth potential, managing them well and then building them has allowed us to generate significant cash flow and revenue growth over the past five years.

Using a combination of proprietary software and market expertise, we provide software solutions designed to enable our customers to boost productivity, operate more cost effectively, increase sales and improve customer service and satisfaction.

Many of the VMS businesses that we acquire have the potential to be leaders within their particular markets. We target the VMS sector because of the attractive economics that it provides and our belief that our management teams have a deep understanding of those economics.

Unless otherwise indicated, the description of the business of the Company contained in this section assumes the completion of each of the Pre-Closing Reorganization, the Spin-Out and the Acquisition.

Business Strategy

Given our extensive acquisition experience and successful track record, we believe that we are well positioned to identify, acquire, manage and build attractive VMS businesses. We seek acquisitions that provide software solutions to either the public or private sectors.

When one of our acquired VMS businesses is being operated efficiently, we encourage their management to build their business through a combination of organic growth and acquisitions of other VMS businesses in the same vertical market. We often enter new vertical markets through acquisitions of VMS businesses in markets in which we do not currently operate.

We believe that we will continue to expand our existing businesses through organic growth initiatives aimed at increasing our market share and product breadth. We will also continue to identify and complete acquisitions in our existing vertical markets. Our decentralized VMS management teams have extensive knowledge of their markets and deep customer relationships. This enables them to successfully identify, pursue, structure, acquire and then coach businesses post-acquisition.

We also seek to acquire attractive VMS businesses in new markets to deploy our free cash flow at attractive returns. Historically, we have retained the majority of the managers from the businesses that we have acquired, which has allowed us to retain the knowledge needed to manage and successfully build these businesses.

Our VMS businesses typically generate significant cash flows which we redeploy to build our existing VMS businesses and acquire new ones.

Our decentralized management structure is key to our continued revenue growth. We offer our operating groups and business units financial security, strategic guidance and share our best practices. Each VMS operating group and business unit has a manager and separately tracked financial reporting. We monitor and measure each VMS operating group’s and business unit’s performance through operating ratios and metrics including profitability and growth.

Each of our VMS business managers is encouraged to leverage their respective market knowledge in order to maximize the growth opportunities, profitability and return on invested capital within their business. Our corporate head office sets investment return objectives.

Our decentralized management structure allows us to have operating group and business unit management teams with strong customer relationships and deep market knowledge that are more focused and responsive than would be the case under a centralized management model. These teams provide our corporate head office and operating group and business unit managers with the ability to concentrate on issues such as capital allocation, identifying best practices, and helping recruit and coach high potential employees, while the VMS operating group and business unit managers concentrate on operating efficiency, and pursuing organic initiatives and acquisitions in our existing vertical markets.

We establish from time to time, what we consider to be an acceptable after-tax internal rate of return as a hurdle rate for all of our new initiatives and acquisitions.

Operating Groups

The Company has over 85 independently managed software business units in Europe. The geographic markets that the Company operates in are the Netherlands, France, Romania, Denmark, Spain, Germany, Sweden, Finland, Belgium, Italy and the United Kingdom. We supply software and services in the following vertical markets: Accountancy, Agriculture, Associations, Automotive, Central Government, Education, Facility Management, Finance, Healthcare, Hospitality, Legal, Local Government, Manufacturing, Mobility, Real Estate and Retail.

We have three operating groups – the TSS Public operating group, the TSS Blue operating group and, after completion of the Acquisition, the Topicus operating group. The primary vertical markets in which these operating groups operate include Accountancy, Agriculture, Associations, Automotive, Central Government, Education, Facility Management, Finance, Healthcare, Hospitality, Legal, Local Government, Manufacturing, Mobility, Real Estate and Retail. TSS Public focuses on the public – and healthcare – market in the Netherlands and has a geographical focus on the Netherlands and the southern parts of Central Europe whereas TSS Blue focuses on the private markets in the Netherlands and has a geographical focus on the Netherlands, Germany and the Nordics. Topicus is currently only active in the Netherlands in Finance, Healthcare, Local Government and Education.

Products

We have numerous software products that we sell, service, support and enhance. We have at least one software product in each of our vertical markets and often develop and support multiple product lines in a particular vertical market. In addition, and as a complement to our acquired and internally developed software products, we license certain technologies used in our software products from third parties, generally on a non-exclusive basis. Our products are typically designed to assist our customers in automating as many aspects of their business processes as is practical. While our strategy is to provide mission critical software solutions to all of our customers, the particular software products that we develop can vary substantially across vertical markets. Our goal is to continue to focus our efforts on software products specialized for specific vertical markets.

Sales and Distribution Strategy

We use direct sales forces in most of our major markets as our primary distribution channel. We believe that direct sales teams increase our visibility and market penetration, encourage long-term customer contact and facilitate sales of additional products. Our sales and marketing teams work primarily within dedicated sales groups for each of the vertical markets that we currently serve. Our sales and marketing strategy is to provide relevant business expertise directly to target customers by using sales representatives with strong industry specific knowledge. We use a combination of field sales and inside sales where appropriate. Part of our ongoing revenue growth is achieved through selling complementary products and/or services to existing customers. We also support our sales efforts with marketing that creates awareness of our products through appearances at major trade shows, advertising in trade magazines, hosting users' group meetings, and the creation of informative websites.

Our domain knowledge helps us to understand the dynamics of each vertical market where we operate so we can create intelligent, user-friendly, effective and efficient solutions for our customers. Customers often entrust the development of their business-critical software to our operating groups and business units.

Research and Development

Our product development strategy combines innovation and the introduction of new technologies, with a commitment to the long-term support of our customers' current systems. Our research and development activities are focused on designing, developing, testing and integrating new add-on products which enhance the features and functionality of our existing software solutions. We also seek to offer streamlined upgrade and migration tools for our customers.

We rely primarily on our in-house capabilities to develop our software solutions using industry standard software development tools. However, when it is not strategic to our business and is more cost effective, we will license certain technology components from third party providers.

Intellectual Property

In accordance with industry practice, we rely on a combination of contractual provisions and patent, copyright, trademark and trade secret laws to protect our proprietary rights in our products. We generally license the use of our products to our customers rather than transfer title to them. These licenses contain terms and conditions prohibiting the unauthorized reproduction, disclosure, reverse engineering or transfer of our products. In addition, we attempt to protect our trade secrets and other proprietary information through agreements with suppliers, employees and consultants. All material components of our products have been developed by individuals most of whom have assigned all rights to us.

Competition

Competition for the licensing of vertical market software is generally based upon several factors including product features, the availability of high quality maintenance and support, price and the knowledge of the software vendor's sales team. We operate in many different verticals and our competitive position varies depending on the specific vertical.

Our significant competitors include SAP, Visma, Centric, Main Capital, UNIT4, WoltersKluwer, AFAS, ICT Groep, Cegeka-DSA, Chipsoft, Aareon, Berger Levrault, Gfi Informatique, JVS, CEGID, Cegedim, Vitec and Tieto.

Employees

We employ over 4,250 highly motivated and skilled people in Europe. No union represents any of our employees in their employment relationship with us, although a number of our European businesses have workers' councils.

Acquisitions

Since January 1, 2014, the Coop has completed over 60 acquisitions having an average purchase price of approximately €6 million, with no single purchase price exceeding €60 million. In 2019, we expanded further into Europe and strengthened our foothold in new and existing software verticals. Our previous acquisitions, combined with organic growth from our existing VMS businesses, have enabled us to become a well regarded software solutions provider in the markets that we serve while reducing our dependency on any particular market or VMS business.

Credit Facility

The Company's finance strategy is centered on securing long term financing to support the acquisition of VMS businesses and organic growth. On July 14, 2017, a subsidiary of the Company entered into a credit facility (the "**Credit Facility**") with a number of European financial institutions. Under the Credit Facility, the Company is able to borrow up to €300 million under a multicurrency revolving loan facility and up to €50 million under an additional uncommitted term loan facility. The Credit Facility has a term of seven years and bears interest at a rate calculated at EURIBOR plus interest rate spreads based on a leverage table. The Credit Facility is collateralized by a number of material assets owned by the Company. The Credit Facility contains standard events of default which if not remedied within a cure period would trigger the repayment of any outstanding balance. As at December 16, 2020, €27.5 million had been drawn from the Credit Facility.

In connection with the Pre-Acquisition Dividend and closing of the Acquisition, the Company plans to draw down an additional €54,600,000 and €133,600,000, respectively, under the Credit Facility. See "*Acquisition of the Target" and "Pre-Closing Reorganization*".

USE OF PROCEEDS

Neither the Company nor CSI will realize any proceeds from the distribution of the Spin-Out Shares.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables set out selected consolidated financial information of the Coop for the periods indicated. The selected financial information of the Coop as at December 31, 2019 and 2018 and for the fiscal years ended December 31, 2019 and 2018 has been derived from the Coop's consolidated financial statements appearing elsewhere in this prospectus. The selected financial information of the Coop as at September 30, 2020 and 2019 and for the three and nine month periods ended September 30, 2020 and 2019 has been derived from the Coop's condensed consolidated interim financial statements appearing elsewhere in this prospectus. The summary financial information should be read in conjunction with the consolidated financial statements of the Coop (formerly named Constellation Software Netherlands Holding Coöperatief U.A.) and the related notes and with "*Management's Discussion and Analysis*" included in this prospectus. **The summary financial information presented is based on the historical financial performance of the Coop, as predecessor to the Company, and does not take into account the Pre-Closing Reorganization, the Spin-Out or the Acquisition.**

The following table displays a summary of the Coop's financial position.

Consolidated Statement of Financial Position Data
(In thousands of euros)

	September 30, 2020	December 31, 2019	December 31, 2018
Cash	47,171	28,036	14,990
Property and equipment	7,745	8,575	8,278
Total assets	578,582	543,543	409,469
Revolving credit facility	-	49,169	43,808
Term loan	32,794	32,274	-
Net current deferred tax liability	68,952	70,355	49,386
Total members' equity	252,784	202,395	155,806

For the Three and Nine Months Ended September 30, 2020 and 2019

The following table displays a summary of the results of operations of the Coop for the three and nine month periods ended September 30, 2020 and 2019.

Results of Operations
(In millions of euros, except percentages and per share amounts)

	Three months ended September 30,		Period-Over-Period Change		Nine months ended September 30,		Period-Over-Period Change	
	2020	2019	€	%	2020	2019	€	%
Revenue	**121.2**	**102.0**	**19.2**	**19%**	**356.6**	**300.5**	**56.1**	**19%**
Expenses	83.4	76.2	7.2	9%	252.5	220.4	32.1	15%
Amortization of intangible assets	12.5	12.3	0.2	1%	36.6	33.1	3.5	11%
Finance and other expense (income)	1.4	1.2	0.2	19%	4.7	3.3	1.4	44%
Income before income taxes	23.9	12.3	11.6	95%	62.8	43.8	19.0	43%
Income tax expense (recovery)								
Current income tax expense (recovery)	7.3	5.5	1.8	33%	20.6	15.0	5.6	37%
Deferred income tax expense (recovery)	(2.7)	(1.8)	(0.9)	49%	(8.6)	(6.5)	(2.1)	33%
Income tax expense (recovery)	4.7	3.7	1.0	26%	12.0	8.5	3.4	40%
Net income	**19.3**	**8.6**	**10.7**	**124%**	**50.8**	**35.2**	**15.6**	**44%**
Weighted average units outstanding								
Basic	59.1	59.1			59.1	59.1		
Diluted	59.1	59.1			59.1	62.2		
Net income per unit								
Basic	€0.33	€0.15	€0.18	124%	€0.86	€0.60	€0.26	44%
Diluted	€0.33	€0.15	€0.18	124%	€0.86	€0.57	€0.29	51%

NM – Not meaningful
Due to rounding, certain totals may not foot and certain percentages may not reconcile.

For the Fiscal Years Ended December 31, 2019 and 2018

The following table displays a summary of the results of operations of the Coop for the fiscal years ended December 31, 2019 and 2018.

Results of Operations
(In millions of euros, except percentages and per share amounts)

	Year Ended December 31,		Period-Over-Period Change	
	2019	2018	€	%
Revenue	**417.4**	**356.0**	**61.4**	**17%**
Expenses	307.9	265.1	42.8	16%
Amortization of intangible assets	46.3	37.3	9.0	24%
Finance and other expense (income)	4.5	5.7	(1.2)	-21%
Income before income taxes	58.7	47.8	10.9	23%
Income tax expense (recovery)				
Current income tax expense (recovery)	20.6	17.8	2.8	16%
Deferred income tax expense (recovery)	(8.3)	(17.5)	9.2	-52%
Income tax expense (recovery)	12.2	0.3	12.0	NM
Net income	**46.5**	**47.5**	**(1.1)**	**-2%**
Weighted average units outstanding				
Basic	59.1	59.1		
Diluted	61.4	73.7		
Net income per unit				
Basic	€0.79	€0.80	-€0.02	-2%
Diluted	€0.76	€0.67	€0.09	13%

NM – Not meaningful
Due to rounding, certain totals may not foot and certain percentages may not reconcile.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis regarding the Coop should be read in conjunction with the selected financial data and the consolidated financial statements and the accompanying notes appearing elsewhere in this prospectus. The information presented is based on the historical financial performance of the Coop (formerly named Constellation Software Netherlands Holding Coöperatief U.A.), as predecessor to the Company, and does not take into account the Pre-Closing Reorganization, the Spin-Out or the Acquisition. Certain information included herein is forward-looking and based upon current assumptions and anticipated results that are subject to significant risks and uncertainties and speak only as of the date of this prospectus. Should one or more of these uncertainties materialize or should any of the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "*Forward-Looking Statements"* and "*Risk Factors*".

All references in this Management's Discussion and Analysis section to "we", "us", "our" and "our company" refer to the Coop and its subsidiaries.

Overview

We acquire, manage and build VMS businesses, primarily located in the Netherlands. Generally, these businesses provide mission critical software solutions that address the specific needs of our customers in particular vertical markets. Our focus on acquiring businesses with growth potential, managing them well and then building them, has allowed us to generate significant cash flows and revenue growth during the past several years.

Our revenue consists primarily of software license fees, maintenance and other recurring fees, professional service fees and hardware sales. Software license revenue is comprised of license fees charged for the use of our software products generally licensed under multiple-year or perpetual arrangements. Maintenance and other recurring revenue primarily consists of fees charged for customer support on our software products post-delivery and also includes, to a lesser extent, recurring fees derived from software as a service, subscriptions, combined software/support contracts, transaction-related revenues, and hosted products. Maintenance and other recurring fee arrangements generally include ongoing customer support and rights to certain product updates "when and if available" and products sold on a subscription basis. Professional service revenue consists of fees charged for implementation and integration services, customized programming, product training and consulting. Hardware sales include the resale of third party hardware that forms part of our customer solutions, as well as sales of customized hardware assembled internally. Our customers typically purchase a combination of software, maintenance, professional services and hardware, although the type, mix and quantity of each vary by customer and by product.

Expenses consist primarily of staff costs, the cost of hardware, third party licenses, maintenance and professional services to fulfill our customer arrangements, travel and occupancy costs and other general operating expenses.

Three and Nine Months Ended September 30, 2020 Compared to 2019

Results of Operations

The following table displays a summary of the results of operations of the Coop for the three and nine months ended September 30, 2020 and 2019.

Results of Operations
(In millions of euros, except percentages and per share amounts)

	Three months ended September 30,		Period-Over-Period Change		Nine months ended September 30,		Period-Over-Period Change	
	2020	2019	€	%	2020	2019	€	%
Revenue	**121.2**	**102.0**	**19.2**	**19%**	**356.6**	**300.5**	**56.1**	**19%**
Expenses	83.4	76.2	7.2	9%	252.5	220.4	32.1	15%
Amortization of intangible assets	12.5	12.3	0.2	1%	36.6	33.1	3.5	11%
Finance and other expense (income)	1.4	1.2	0.2	19%	4.7	3.3	1.4	44%
Income before income taxes	23.9	12.3	11.6	95%	62.8	43.8	19.0	43%
Income tax expense (recovery)								
Current income tax expense (recovery)	7.3	5.5	1.8	33%	20.6	15.0	5.6	37%
Deferred income tax expense (recovery)	(2.7)	(1.8)	(0.9)	49%	(8.6)	(6.5)	(2.1)	33%
Income tax expense (recovery)	4.7	3.7	1.0	26%	12.0	8.5	3.4	40%
Net income	**19.3**	**8.6**	**10.7**	**124%**	**50.8**	**35.2**	**15.6**	**44%**
Weighted average units outstanding								
Basic	59.1	59.1			59.1	59.1		
Diluted	59.1	59.1			59.1	62.2		
Net income per unit								
Basic	€0.33	€0.15	€0.18	124%	€0.86	€0.60	€0.26	44%
Diluted	€0.33	€0.15	€0.18	124%	€0.86	€0.57	€0.29	51%

NM – Not meaningful
Due to rounding, certain totals may not foot and certain percentages may not reconcile.

Comparison of the three and nine month periods ended September 30, 2020 and 2019

Revenue:

Total revenue for the quarter ended September 30, 2020 was €121.2 million, an increase of 19%, or €19.2 million, compared to €102.0 million for the comparable period in 2019. For the first nine months of 2020 total revenues were €356.6 million, an increase of 19%, or €56.1 million, compared to €300.5 million for the comparable period in 2019. 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 Coop experienced organic growth of 2% and 1% respectively. For acquired companies, organic growth is calculated as the difference between actual revenues achieved by each company in the financial period following acquisition compared to the estimated revenues they achieved in the corresponding financial period preceding the date of acquisition by the Coop.

The following table displays the breakdown of our revenue according to revenue type:

	Three months ended September 30,		Period-Over-Period Change		Q319 Proforma Adj. (Note 1)	Organic Growth	Nine months ended September 30,		Period-Over-Period Change		Q319 Proforma Adj. (Note 2)	Organic Growth
	2020	2019	€	%	€	%	2020	2019	€	%	€	%
	(€ in millions, except percentages)						(€ in millions, except percentages)					
Licenses	3.8	1.7	2.1	125%	2.0	3%	9.5	4.8	4.7	97%	6.8	-18%
Professional services	28.2	26.1	2.1	8%	4.2	-7%	84.2	79.9	4.3	5%	12.0	-8%
Hardware and other	1.4	1.2	0.2	20%	0.2	-1%	3.8	3.5	0.3	9%	1.1	-17%
Maintenance and other recurring	87.8	73.0	14.8	20%	9.8	6%	259.1	212.3	46.8	22%	32.2	6%
	121.2	102.0	19.2	19%	16.3	2%	356.6	300.5	56.1	19%	52.2	1%

€M - Millions of euros
Due to rounding, certain totals may not foot and certain percentages may not reconcile.
Note 1: Estimated pre-acquisition revenues for the three months ended September 30, 2019 from companies acquired after June 30, 2019. (Obtained from unaudited vendor financial information.)
Note 2: Estimated pre-acquisition revenues for the nine months ended September 30, 2019 from companies acquired after December 31, 2018. (Obtained from unaudited vendor financial information.)

For comparative purposes the table below shows the quarterly organic growth as compared to the same period in the prior year by revenue type since Q3 2018.

	Quarter Ended								
	Sep. 30 2018	Dec. 31 2018	Mar. 31 2019	Jun. 30 2019	Sep. 30 2019	Dec. 31 2019	Mar. 31 2020	Jun. 30 2020	Sep. 30 2020
Licenses	38%	7%	-34%	-20%	-51%	-23%	-23%	-34%	3%
Professional services	-9%	-2%	-6%	-3%	-4%	-1%	-8%	-10%	-7%
Hardware and other	28%	-44%	-32%	-3%	-33%	-37%	-13%	-34%	-1%
Maintenance and other recurring	4%	6%	7%	6%	6%	7%	5%	6%	6%
Revenue	**1%**	**2%**	**2%**	**3%**	**0%**	**3%**	**1%**	**0%**	**2%**

Expenses:

The following table displays the breakdown of our expenses:

	Three months ended September 30,		Period-Over-Period Change		Nine months ended September 30,		Period-Over-Period Change	
	2020	2019	€	%	2020	2019	€	%
	(€ in millions, except percentages)				(€ in millions, except percentages)			
Expenses								
Staff	60.0	53.4	6.6	12%	183.1	155.2	27.9	18%
Hardware	1.1	0.9	0.2	21%	2.3	2.2	0.1	5%
Third party license, maintenance and professional services	11.2	9.6	1.6	17%	32.6	29.0	3.6	12%
Occupancy	0.9	0.8	0.02	3%	2.6	2.4	0.3	12%
Travel, Telecommunications, Supplies & Software and equipment	3.0	3.8	(0.8)	-21%	9.9	10.4	(0.5)	-4%
Professional fees	2.4	2.4	0.04	2%	6.2	5.3	0.9	16%
Other, net	0.4	1.3	(0.9)	-66%	2.9	4.9	(1.9)	-39%
Depreciation	4.4	4.0	0.4	10%	12.8	11.0	1.7	16%
	83.4	76.2	7.2	9%	252.5	220.4	32.1	15%

Due to rounding, certain totals may not foot and certain percentages may not reconcile.

Overall expenses for the quarter ended September 30, 2020 increased 9%, or €7.2 million to €83.4 million, compared to €76.2 million during the same period in 2019. As a percentage of total revenue, expenses equalled 69% for the quarter ended September 30, 2020 and 75% for the same period in 2019. During the nine months ended September 30, 2020, expenses increased 15%, or €32.1 million to €252.5 million, compared to €220.4 million during the same period in 2019. As a percentage of total revenue, expenses were 71% for the nine months ended September 30, 2020 and 73% for the same period in 2019.

Staff expense – Staff expenses increased 12% or €6.6 million for the quarter ended September 30, 2020 and 18% or €27.9 million for the nine months ended September 30, 2020 over the same periods in 2019. Staff expense can be broken down into five key operating departments: Professional Services, Maintenance, Research and Development, Sales and Marketing, and General and Administrative. Included within staff expenses for each of the above five departments are personnel and related costs associated with providing the necessary services. The table below compares the period over period variances.

	Three months ended September 30,		Period-Over-Period Change		Nine months ended September 30,		Period-Over-Period Change	
	2020	2019	€	%	2020	2019	€	%
	(€ in millions, except percentages)				(€ in millions, except percentages)			
Professional services	15.0	14.0	1.0	7%	46.1	41.4	4.6	11%
Maintenance	9.6	9.8	(0.2)	-2%	30.9	28.0	2.9	10%
Research and development	16.4	13.0	3.4	26%	49.1	38.2	11.0	29%
Sales and marketing	5.9	5.1	0.8	15%	17.6	14.7	2.9	20%
General and administrative	13.1	11.5	1.6	14%	39.4	32.9	6.5	20%
	60.0	53.4	6.6	12%	183.1	155.2	27.9	18%

Due to rounding, certain totals may not foot and certain percentages may not reconcile.

The increase in staff expenses for the three and nine months ended September 30, 2020 was primarily due to the growth in the number of employees compared to the same periods in 2019 primarily due to acquisitions.

Hardware expenses – Hardware expenses increased 21% or €0.2 million for the quarter ended September 30, 2020 and 5% or €0.1 million for the nine months ended September 30, 2020 over the same periods in 2019 as compared with the 20% and 9% increase in hardware and other revenue for the three and nine month periods ending September 30, 2020 respectively over the comparable periods in 2019. Hardware margins for the three and nine months ended September 30, 2020 were 24% and 40% respectively as compared to 25% and 37% for the comparable periods in 2019.

Third party license, maintenance and professional services expenses – Third party license, maintenance and professional services expenses increased 17% or €1.6 million for the quarter ended September 30, 2020 and 12% or €3.6 million for the nine months ended September 30, 2020 over the same period in 2019. The increase is primarily due to third party license, maintenance and professional services expenses of acquired businesses.

Occupancy expenses – Occupancy expenses increased 3% or €0.02 million for the quarter ended September 30, 2020 and increased 12% or €0.3 million for the nine months ended September 30, 2020 over the same periods in 2019. The increase is primarily due to the occupancy expenses of acquired businesses.

Travel, Telecommunications, Supplies & Software and equipment expenses – Travel, Telecommunications, Supplies & Software and equipment expenses decreased 21% or €0.8 million for the quarter ended September 30, 2020 and 4% or €0.5 million for the nine months ended September 30, 2020 over the same periods in 2019. Increases in these expenses related to acquisitions were offset by decreases due to travel restrictions related to the COVID-19 pandemic.

Professional fees – Professional fees increased 2% or €0.04 million for the quarter ended September 30, 2020 and 16% or €0.9 million for the nine months ended September 30, 2020 over the same periods in 2019. There are no individually material reasons contributing to this variance.

Other, net – Other expenses decreased 66% or €0.9 million for the quarter ended September 30, 2020 and 39% or €1.9 million for the nine months ended September 30, 2020 over the same periods in 2019. The following table provides a further breakdown of expenses within this category.

	Three months ended September 30,		Period-Over-Period Change		Nine months ended September 30,		Period-Over-Period Change	
	2020	2019	€	%	2020	2019	€	%
	(€ in millions, except percentages)				(€ in millions, except percentages)			
Advertising and promotion	0.5	0.7	(0.2)	-33%	1.9	2.3	(0.4)	-17%
Recruitment and training	0.9	1.0	(0.2)	-16%	3.0	3.2	(0.2)	-6%
R&D tax credits	(1.1)	(0.7)	(0.4)	65%	(2.6)	(1.6)	(1.1)	68%
Contingent consideration	(0.0)	-	(0.0)	NM	(0.2)	0.0	(0.2)	NM
Other expense, net	0.3	0.3	(0.0)	-4%	0.9	0.9	(0.0)	NM
	0.4	1.3	(0.9)	-66%	2.9	4.9	(1.9)	-39%

NM – Not meaningful
Due to rounding, certain totals may not foot and certain percentages may not reconcile.

The contingent consideration expense amounts recorded for the periods above relate to an increase (decrease) in anticipated acquisition earnout payment accruals primarily as a result of increases (decreases) to revenue forecasts for the associated acquisitions. Revenue forecasts are updated on a quarterly basis and the related anticipated acquisition earnout payment accruals are updated accordingly. There are no individually material reasons contributing to the remaining variances.

Depreciation – Depreciation of property and equipment increased 10% or €0.4 million for the quarter ended September 30, 2020 and 16% or €1.7 million for the nine months ended September 30, 2020 over the same periods in 2019. The increases are primarily due to the depreciation expense associated with acquired businesses.

Other Income and Expenses:

The following table displays the breakdown of our other income and expenses:

	Three months ended September 30,		Period-Over-Period Change		Nine months ended September 30,		Period-Over-Period Change	
	2020	2019	€	%	2020	2019	€	%
	(€ in millions, except percentages)				(€ in millions, except percentages)			
Amortization of intangible assets	12.5	12.3	0.2	1%	36.6	33.1	3.5	11%
Finance and other expense (income)	1.4	1.2	0.2	19%	4.7	3.3	1.4	44%
Income tax expense (recovery)	4.7	3.7	1.0	26%	12.0	8.5	3.4	40%
	18.5	17.2	1.3	8%	53.2	44.9	8.4	19%

Due to rounding, certain totals may not foot and certain percentages may not reconcile.

Amortization of intangible assets – Amortization of intangible assets increased 1% or €0.2 million for the quarter ended September 30, 2020 and 11% or €3.5 million for the nine months ended September 30, 2020 over the same periods in 2019. The increase in amortization expense for the three and nine months ended September 30, 2020 is primarily attributable to an increase in the carrying amount of our intangible asset balance over the twelve-month period ended September 30, 2020 as a result of acquisitions completed during this twelve-month period.

Finance and other expense (income) – Finance and other expense for the three and nine months ended September 30, 2020 was €1.4 million and €4.7 million respectively, compared to €1.2 million and €3.3 million for the same periods in 2019. The increases are primarily a result of an increase in the interest expense on debt in 2020 as compared to 2019.

Income taxes – We operate throughout Europe and we calculate our tax provision in each of the jurisdictions in which we conduct business. Our effective tax rate on a consolidated basis is, therefore, affected by the realization and anticipated relative profitability of our operations in those various jurisdictions, as well as different tax rates that apply and our ability to utilize tax losses and other credits. For the quarter ended September 30, 2020, income tax expense increased €1.0 million to €4.7 million compared to €3.7 million for the same period in 2019. During the nine months ended September 30, 2020, income tax expense increased €3.4 million to €12.0 million compared to €8.5 million for the same period in 2019. Current tax expense has historically approximated our cash tax expense however the quarterly expense can sometimes fall outside of the annual range due to out of period adjustments. Current tax expense reflects gross taxes before the application of R&D tax credits which are classified as part of "other, net" expenses in the condensed consolidated statements of income.

The Coop is subject to tax audits in the countries in which it carries on business. 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 Coop'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 Coop's income tax expense may be adversely affected and the Coop could also be subject to interest and penalty charges.

Net Income and Earnings per Unit:

Net income for the quarter ended September 30, 2020 was €19.3 million compared to net income of €8.6 million for the same period in 2019. On a per unit basis, this translated into a net income per diluted unit of €0.33 in the quarter ended September 30, 2020 compared to net income per diluted unit of €0.15 for the same period in 2019. For the nine months ended September 30, 2020, net income was €50.8 million or €0.86 per diluted unit compared to €35.2 million or €0.57 per diluted unit for the same period in 2019. Diluted units outstanding decreased from 62.2 million to 59.1 million for the nine months ended September 30, 2020.

Quarterly Results

	Quarter Ended								
	Sep. 30 2018	Dec. 31 2018	Mar. 31 2019	Jun. 30 2019	Sep. 30 2019	Dec. 31 2019	Mar. 31 2020	Jun. 30 2020	Sep. 30 2020
Revenue	86.1	93.3	100.3	98.3	102.0	116.9	119.8	115.6	121.2
Net income	8.4	20.7	16.9	10.1	8.6	11.2	17.5	14.1	19.3
Net income per unit									
Basic	€ 0.14	€ 0.35	€ 0.29	€ 0.17	€ 0.15	€ 0.19	€ 0.30	€ 0.24	€ 0.33
Diluted	€ 0.12	€ 0.29	€ 0.25	€ 0.17	€ 0.15	€ 0.19	€ 0.30	€ 0.24	€ 0.33

We do not generally experience significant seasonality in our operating results from quarter to quarter. However our quarterly results may fluctuate as a result of the various acquisitions which may be completed by the Coop in any given quarter. We may experience variations in our net income on a quarterly basis depending upon the timing of certain expenses or gains, which may include changes in provisions, acquired contract liabilities, and gains or losses on the sale of financial and other assets.

Liquidity

Our net debt position (bank indebtedness excluding capitalized transaction costs less cash) decreased by €69.1 million to a net cash position of €13.2 million in the nine months ended September 30, 2020 resulting from cash flows from operations exceeding the net capital deployed on acquisitions. Cash increased by €19.1 million to €47.2 million at September 30, 2020 compared to €28.0 million at December 31, 2019 and bank indebtedness decreased by €50.0 million to €34.0 million at September 30, 2020 compared to €84.0 million at December 31, 2019.

Total assets increased €35.0 million, from €543.5 million at December 31, 2019 to €578.6 million at September 30, 2020. The increase is primarily due to the €19.1 million increase in cash and a €12.7 million increase in intangible assets.

Current liabilities decreased €14.8 million, from €200.6 million at December 31, 2019 to €185.8 million at September 30, 2020. The decrease is primarily due to a decrease in bank debt of €49.2 million and accounts payable and accrued liabilities of €10.8 million offset by an increase in deferred revenue of €38.4 million mainly due to acquisitions made since December 31, 2019 and the timing of maintenance and other billings versus performance and delivery under those customer arrangements.

Net Changes in Cash Flows
(In €'s)

	Nine months ended September 30, 2020	**Nine months ended September 30, 2019**
Net cash provided by operating activities	121.6	102.3
Net cash from (used in) financing activities	(64.3)	5.6
Cash used in the acquisition of businesses	(51.4)	(112.7)
Cash obtained with acquired businesses	14.2	19.8
Net cash from (used in) other investing activities	(0.9)	(1.9)
Net cash from (used in) investing activities	(38.2)	(94.9)
Effect of foreign currency	0.0	0.0

Net increase (decrease) in cash and cash equivalents	**19.1**	**13.0**

The net cash flows from operating activities were €121.6 million for the nine months ended September 30, 2020. The €121.6 million provided by operating activities resulted from €50.8 million in net income plus €66.0 million of non-cash adjustments to net income and €20.6 million of cash from non-cash operating working capital offset by €15.8 million in taxes paid.

The net cash flows used in financing activities for the nine months ended September 30, 2020 were €64.3 million, which is mainly a result of a net decrease in bank indebtedness of €50.0 million, and lease obligation payments of €9.5 million.

The net cash flows used in investing activities in the nine months ended September 30, 2020 were €38.2 million. The cash used in investing activities was primarily due to acquisitions for an aggregate of €51.4 million (including payments for holdbacks relating to prior acquisitions) offset by €14.2 million of acquired cash.

We believe we have sufficient cash and available credit capacity to continue to operate for the foreseeable future. Generally, our VMS businesses operate with negative working capital as a result of the collection of maintenance payments and other revenues in advance of the performance of the related services. As such, management anticipates that it can continue to grow the business organically without any additional funding. If we continue to acquire VMS businesses we may need additional external funding depending upon the size and timing of the potential acquisitions.

Related Parties

Transactions with related parties are assumed when a relationship exists between the Coop and a natural person or entity that is affiliated with the Coop. This includes, amongst others, the relationship between the Coop and its subsidiaries, members, directors, key management personnel and companies that are under common control of our controlling unitholder, CSI. Transactions are transfers of resources, services or obligations, regardless whether anything has been charged. There have been no material transactions with related parties that were not on a commercial basis.

The Coop had a loan of €19 million from CSI. The loan was non-interest bearing, maturing in 2024, and could be repaid at any time by the Coop. The aggregate loan was convertible into ordinary units at a price per ordinary unit equal to two times the issue price of the initial ordinary units (€2.00). During the three months ending March 31, 2019 the loan was repaid.

The Coop also pays management fees to CSI (included within “Other, net” expenses) and reimburses CSI for certain expenses paid on behalf of the Coop. The aggregate payments made by the Coop to CSI for management fees and reimbursements of expenses during the nine months ended September 30, 2020 was €0.9 million (September 30, 2019 - €0.7 million).

The ending payable balance to CSI (included within accounts payable and accrued liabilities) as at September 30, 2020 was €0.5 million (September 30, 2019 – €0.9 million).

The Coop also provides professional services to other entities under the control of CSI. The total amount of revenue recognized during the nine months ended September 30, 2020 (included within professional services revenue) relating to such arrangements was €3.5 million (September 30, 2019 – €3.3 million). The ending receivable balance (included within accounts receivable) as at September 30, 2020 relating to these arrangements was €0.5 million (September 30, 2019 – €0.8 million).

Capital Resources and Commitments

Credit Facility

On July 14, 2017, a subsidiary of the Coop entered into the Credit Facility with a number of European financial institutions. Under this facility, the Coop is able to borrow up to €300 million under a multicurrency revolving loan facility and up to €50 million under an additional uncommitted term loan facility. The Credit Facility has a term of seven years and bears interest at a rate calculated at EURIBOR plus interest rate spreads based on a leverage table. The Credit Facility is collateralized by substantially all of the assets owned by the Coop and its subsidiaries. The Credit Facility contains standard events of default which if not remedied within a cure period would trigger the repayment of any outstanding balance. As at September 30, 2020, nil had been drawn from the Credit Facility. Transaction costs associated with the Credit Facility are being amortized through profit or loss using the effective interest rate method.

Term Loan

On October 29, 2019 a subsidiary of the Coop closed term loan funding with CVC Credit Partners, amounting to €34 million, to provide a long-term financial structure in connection with an acquired business (the "**Term Loan**"). Covenants and guarantees associated with the Term Loan are monitored and reported based on the financial position and financial performance of the acquired business.

The Term Loan has a maturity date of October 31, 2025 and the Term Loan bears an interest rate between 6 – 6.75% plus EURIBOR (2019: 6.75%). Transaction costs associated with the Term Loan 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.

Other Commitments

Commitments include operating leases for office equipment and facilities, letters of credit and performance bonds issued on our behalf by financial institutions in connection with facility leases and contracts with public sector customers. Also, occasionally we structure some of our acquisitions with contingent consideration based on the future performance of the acquired business. The fair value of contingent consideration recorded in our statement of financial position was €2.9 million at September 30, 2020. Aside from the aforementioned, we do not have any other business arrangements, derivative financial instruments, or any equity interests in non-consolidated entities that would have a significant effect on our assets and liabilities as at September 30, 2020.

Off-Balance Sheet Arrangements

As a general practice, we have not entered into off-balance sheet financing arrangements. Except for short term leases, leases of low value assets, and letters of credit, all of our liabilities and commitments are reflected as part of our statement of financial position.

Proposed Transactions

We seek potential acquisition targets on an ongoing basis and may complete several acquisitions in any given fiscal year.

Members' Equity

As at December 18, 2020 there were 59,078,027 ordinary basic units outstanding.

Risks and Uncertainties

See "*Risk Factors*" for a discussion of the risks affecting our business.

The Coop is closely monitoring the impact of the 2019 novel coronavirus, or 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 had disruptive effects in countries in which the Coop operates and has adversely impacted some of its business units' operations to date, including through the cancellation by certain customers of their ongoing software maintenance contracts and the suspension or cancellation of new software purchases. The pandemic may also have an adverse impact on many of the Coop's customers, including their ability to satisfy ongoing payment obligations to the Coop, which could increase the Coop's bad debt exposure. The COVID-19 pandemic did not materially impact the Coop's results of operations, cash flows or financial position for the three and nine-month periods ended September 30, 2020, however, 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 adversely affect the Coop's results of operations, cash flows and financial position as well as its customers in future periods, and this impact could be material. As of the date hereof, there are no known or anticipated COVID-19 related impacts on the Coop's business or operations.

Fiscal 2019 Compared to Fiscal 2018

Results of Operations

The following table displays a summary of the results of operations of the Coop for the fiscal years ended December 31, 2019 and 2018.

Results of Operations
(In millions of euros, except percentages and per share amounts)

	Year Ended December 31,		Period-Over-Period Change	
	2019	2018	€	%
Revenue	**417.4**	**356.0**	**61.4**	**17%**
Expenses	307.9	265.1	42.8	16%
Amortization of intangible assets	46.3	37.3	9.0	24%
Finance and other expense (income)	4.5	5.7	(1.2)	-21%
Income before income taxes	58.7	47.8	10.9	23%
Income tax expense (recovery)				
Current income tax expense (recovery)	20.6	17.8	2.8	16%
Deferred income tax expense (recovery)	(8.3)	(17.5)	9.2	-52%
Income tax expense (recovery)	12.2	0.3	12.0	NM
Net income	**46.5**	**47.5**	**(1.1)**	**-2%**
Weighted average units outstanding				
Basic	59.1	59.1		
Diluted	61.4	73.7		
Net income per unit				
Basic	€0.79	€0.80	-€0.02	-2%
Diluted	€0.76	€0.67	€0.09	13%

NM – Not meaningful
Due to rounding, certain totals may not foot and certain percentages may not reconcile.

Comparison of Fiscal Years Ended December 31, 2019 and 2018

Revenue:

Total revenue for the fiscal year ended December 31, 2019 was €417.4 million, an increase of 17%, or €61.4 million, compared to €356.0 million for the 2018 fiscal year. The increase is primarily attributable to growth from acquisitions as the Coop experienced organic growth of 2%. For acquired companies, organic growth is calculated as the difference between actual revenues achieved by each company in the financial period following acquisition compared to the estimated revenues they achieved in the corresponding financial period preceding the date of acquisition by the Coop.

The following table displays the breakdown of our revenue according to revenue type:

	Year ended December 31, 2019	Year ended December 31, 2018	Period-Over-Period Change €	Period-Over-Period Change %	FY18 Proforma Adj. (Note 1) €	Organic Growth %
	(€ in millions, except percentages)					
Licenses	8.1	6.5	1.6	24%	5.6	-33%
Professional services	111.9	103.5	8.4	8%	12.3	-3%
Hardware and other	4.7	4.2	0.5	12%	2.2	-27%
Maintenance and other recurring	292.7	241.8	51.0	21%	34.0	6%
	417.4	356.0	61.4	17%	54.1	2%

€M - Millions of euros
Due to rounding, certain totals may not foot and certain percentages may not reconcile.
Note 1: Estimated pre-acquisition revenues for the twelve months ended December 31, 2018 from companies acquired after December 31, 2017. (Obtained from unaudited vendor financial information.)

For comparative purposes the table below shows the quarterly organic growth as compared to the same period in the prior year by revenue type since Q4 2017.

Quarter Ended	Dec. 31 2017	Mar. 31 2018	Jun. 30 2018	Sep. 30 2018	Dec. 31 2018	Mar. 31 2019	Jun. 30 2019	Sep. 30 2019	Dec. 31 2019
Licenses	-49%	10%	-31%	38%	7%	-34%	-20%	-51%	-23%
Professional services	-8%	-5%	-7%	-9%	-2%	-6%	-3%	-4%	-1%
Hardware and other	72%	8%	-18%	28%	-44%	-32%	-3%	-33%	-37%
Maintenance and other recurring	5%	2%	3%	4%	6%	7%	6%	6%	7%
Revenue	**0%**	**0%**	**-1%**	**1%**	**2%**	**2%**	**3%**	**0%**	**3%**

Expenses:

The following table displays the breakdown of our expenses:

	Year ended December 31,		Period-Over-Period Change	
	2019	2018	€	%
	(€ in millions, except percentages)			
Expenses				
Staff	217.2	185.1	32.1	17%
Hardware	3.2	2.1	1.1	53%
Third party license, maintenance and professional services	40.0	35.5	4.5	13%
Occupancy	3.2	6.0	(2.8)	-47%
Travel, Telecommunications, Supplies & Software and equipment	14.6	12.0	2.7	23%
Professional fees	7.0	6.6	0.4	7%
Other, net	7.5	5.9	1.6	28%
Depreciation	15.2	12.1	3.2	26%
	307.9	265.1	42.8	16%

Due to rounding, certain totals may not foot and certain percentages may not reconcile.

During the fiscal year ended December 31, 2019, expenses increased 16%, or €42.8 million to €307.9 million, compared to €265.1 million during the same period in 2018. As a percentage of total revenue, expenses were 74% for both the fiscal year ended December 31, 2019 and December 31, 2018.

Staff expense – Staff expenses increased 17% or €32.1 million for the fiscal year ended December 31, 2019 over the same period in 2018. Staff expense can be broken down into five key operating departments: Professional Services, Maintenance, Research and Development, Sales and Marketing, and General and Administrative. Included within staff expenses for each of the above five departments are personnel and related costs associated with providing the necessary services. The table below compares the period over period variances.

	Year ended December 31,		Period-Over-Period Change	
	2019	2018	€	%
	(€ in millions, except percentages)			
Professional services	56.7	51.9	4.8	9%
Maintenance	39.4	36.6	2.7	8%
Research and development	53.4	44.9	8.5	19%
Sales and marketing	21.0	16.7	4.3	26%
General and administrative	46.7	34.9	11.8	34%
	217.2	185.1	32.1	17%

Due to rounding, certain totals may not foot and certain percentages may not reconcile.

The increase in staff expenses for the fiscal year ended December 31, 2019 was primarily due to the growth in the number of employees compared to the same periods in 2018 primarily due to acquisitions.

Hardware expenses – Hardware expenses increased 53% or €1.1 million for the fiscal year ended December 31, 2019 over the fiscal year ended December 31, 2018 as compared with the 12% increase in hardware and other revenue. Hardware margins for the fiscal year ended December 31, 2019 were 15% as compared to 55% for the same period in 2018.

Third party license, maintenance and professional services expenses – Third party license, maintenance and professional services expenses increased 13% or €4.5 million for the fiscal year ended December 31, 2019 over the same period in 2018. The increase is primarily due to third party license, maintenance and professional services expenses of acquired businesses.

Occupancy expenses – Occupancy expenses decreased 47% or €2.8 million for the fiscal year ended December 31, 2019 over the same period in 2018. The decrease is a result of how short-term leases are treated versus long-term leases under IFRS 16. The Coop acquired a business at the beginning of 2018 that had a short- term building lease in place. Under IFRS 16 the associated expense would be recorded as part of occupancy expenses. In 2019 the short-term lease was replaced with a long-term lease. Under IFRS 16 the long-term lease is set up as a right of use asset, and the monthly amortization is recorded as part of depreciation expense.

Travel, Telecommunications, Supplies & Software and equipment expenses – Travel, Telecommunications, Supplies & Software and equipment expenses increased 23% or €2.7 million for the fiscal year ended December 31, 2019 over the same period in 2018. The increase in these expenses is primarily due to expenses incurred by acquired businesses.

Professional fees – Professional fees increased 7% or €0.4 million for the fiscal year ended December 31, 2019 over the same period in 2018. There are no individually material reasons contributing to this variance.

Other, net – Other expenses increased 28% or €1.6 million for the fiscal year ended December 31, 2019 over the same period in 2018. The following table provides a further breakdown of expenses within this category.

	Year ended December 31,		Period-Over-Period Change	
	2019	2018	€	%
	(€ in millions, except percentages)			
Advertising and promotion	3.5	2.7	0.8	29%
Recruitment and training	4.5	4.3	0.2	5%
R&D tax credits	(2.4)	(1.5)	(0.9)	58%
Contingent consideration	0.5	(0.4)	0.9	NM
Other expense, net	1.5	0.8	0.7	NM
	7.5	5.9	1.6	28%

NM – Not meaningful
Due to rounding, certain totals may not foot and certain percentages may not reconcile.

The contingent consideration expense amounts recorded for the periods above relate to an increase (decrease) in anticipated acquisition earnout payment accruals primarily as a result of increases (decreases) to revenue forecasts for the associated acquisitions. Revenue forecasts are updated on a quarterly basis and the related anticipated acquisition earnout payment accruals are updated accordingly. There are no individually material reasons contributing to the remaining variances.

Depreciation – Depreciation of property and equipment increased 26% or €3.2 million for the fiscal year ended December 31, 2019 over the same period in 2018. The increase is primarily a result of how short-term building leases are treated versus long-term under IFRS 16. As noted in the occupancy expense discussion above a certain short-term building lease was converted to a long-term lease in 2019.

Other Income and Expenses:

The following table displays the breakdown of our other income and expenses:

	Year ended December 31,		Period-Over-Period Change	
	2019	2018	€	%
	(€ in millions, except percentages)			
Amortization of intangible assets	46.3	37.3	9.0	24%
Finance and other expense (income)	4.5	5.7	(1.2)	-21%
Income tax expense (recovery)	12.2	0.3	12.0	NM
	63.0	43.3	19.7	45%

NM – Not meaningful
Due to rounding, certain totals may not foot and certain percentages may not reconcile.

Amortization of intangible assets – Amortization of intangible assets increased 24% or €9.0 million for the fiscal year ended December 31, 2019 over the same period in 2018. The increase in amortization expense for the fiscal year ended December 31, 2019 is primarily attributable to an increase in the carrying amount of our intangible asset balance over the twelve-month period ended December 31, 2019 as a result of acquisitions completed during this twelve-month period.

Finance and other expenses (income) – Finance and other expenses for the fiscal year ended December 31, 2019 decreased €1.2 million to €4.5 million, compared to €5.7 million for the same period in 2018. The decrease is primarily due to imputed interest on an intercompany loan from the Coop's parent and preferred units outstanding that were in place throughout 2018, offset by interest on increased indebtedness. The loan and preferred units were repaid in 2019.

Income taxes – We operate throughout Europe and we calculate our tax provision in each of the jurisdictions in which we conduct business. Our effective tax rate on a consolidated basis is, therefore, affected by the realization and anticipated relative profitability of our operations in those various jurisdictions, as well as different tax rates that apply and our ability to utilize tax losses and other credits. During the twelve months ended December 31, 2019, income tax expense increased €12.0 million to €12.2 million compared to €0.3 million for the same period in 2018. Deferred tax expense increased €9.2 million primarily as a result of a favourable change in future tax rates that resulted in a discrete deferred tax recovery of €7 million in 2018. Current tax expense has historically approximated our cash tax expense however the quarterly expense can sometimes fall outside of the annual range due to out of period adjustments. Current tax expense reflects gross taxes before the application of R&D tax credits which are classified as part of "other, net" expenses in the consolidated statements of income.

The Coop is subject to tax audits in the countries in which it carries on 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 Coop'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 Coop's income tax expense may be adversely affected and the Coop could also be subject to interest and penalty charges.

Net Income and Earnings per Unit:

Net income for the fiscal year ended December 31, 2019 was €46.5 million compared to net income of €47.5 million for the same period in 2018. On a per unit basis this translated into a net income per diluted unit of €0.76 in the fiscal year ended December 31, 2019 compared to net income per diluted unit of €0.67 for the same period in 2018. Diluted units outstanding decreased from 73.7 million to 61.4 million.

Quarterly Results

	Quarter Ended							
	Mar. 31 2018	Jun. 30 2018	Sep. 30 2018	Dec. 31 2018	Mar. 31 2019	Jun. 30 2019	Sep. 30 2019	Dec. 31 2019
Revenue	89.8	86.7	86.1	93.3	100.3	98.3	102.0	116.9
Net income	12.4	6.1	8.4	20.7	16.9	10.1	8.6	11.2
Net income per unit								
Basic	€ 0.21	€ 0.10	€ 0.14	€ 0.35	€ 0.29	€ 0.17	€ 0.15	€ 0.19
Diluted	€ 0.17	€ 0.09	€ 0.12	€ 0.29	€ 0.25	€ 0.17	€ 0.15	€ 0.19

We do not generally experience significant seasonality in our operating results from quarter to quarter. However our quarterly results may fluctuate as a result of the various acquisitions which may be completed by the Coop in any given quarter. We may experience variations in our net income on a quarterly basis depending upon the timing of certain expenses or gains, which may include changes in provisions, acquired contract liabilities, and gains or losses on the sale of financial and other assets.

Liquidity

Our net debt position (bank indebtedness excluding capitalized transaction costs less cash) increased by €26.0 million to €56.0 million in the twelve months ended December 31, 2019 primarily resulting from the €34.0 million term loan issued in October in conjunction with a business acquisition. Cash increased by €13.0 million to €28.0 million at December 31, 2019 compared to €15.0 million at December 31, 2018 and bank indebtedness increased by €39.0 million to €84.0 million at December 31, 2019 compared to €45.0 million at December 31, 2018.

Total assets increased €134.1 million, from €409.5 million at December 31, 2018 to €543.5 million at December 31, 2019. The increase is primarily due to a €97.9 million increase in intangible assets, a €15.6 million increase in accounts receivable, and a €13.0 million increase in cash.

Current liabilities increased €54.7 million, from €145.8 million at December 31, 2018 to €200.6 million at December 31, 2019. The increase is primarily due to an increase in accounts payable and accrued liabilities of €25.1 and an increase in deferred revenue of €16.0 million mainly due to acquisitions made since December 31, 2018 and the timing of maintenance and other billings versus performance and delivery under those customer arrangements.

Net Changes in Cash Flows
(In millions of euros)

	Year ended December 31, 2019	Year ended December 31, 2018
Net cash provided by operating activities	121.4	83.1
Net cash from (used in) financing activities	(6.3)	(47.8)
Cash used in the acquisition of businesses	(120.7)	(46.3)
Cash obtained with acquired businesses	21.7	8.5
Net cash from (used in) other investing activities	(3.0)	(3.1)
Net cash from (used in) investing activities	(102.0)	(40.8)
Effect of foreign currency	0.0	0.0
Net increase (decrease) in cash and cash equivalents	**13.0**	**(5.2)**

The net cash flows from operating activities were €121.4 million for the year ended December 31, 2019. The €121.4 million provided by operating activities resulted from €46.5 million in net income plus €78.2 million of non-cash adjustments to net income and €8.3 million of cash from non-cash operating working capital offset by €11.6 million in taxes paid.

The net cash flows used in financing activities in the year ended December 31, 2019 were €6.3 million, which is mainly a result of repayments of amounts due to unitholders totaling €29.2 million, payments of lease obligations totalling €10.4 million, and interest on debt facilities of €2.5 million. Offsetting the above was a net increase in bank indebtedness of €39.0 million.

The net cash flows used in investing activities in the year ended December 31, 2019 were €102.0 million. The cash used in investing activities was primarily due to acquisitions for an aggregate of €120.7 million (including payments for holdbacks relating to prior acquisitions) offset by €21.7 million of acquired cash.

We believe we have sufficient cash and available credit capacity to continue to operate for the foreseeable future. Generally, our VMS businesses operate with negative working capital as a result of the collection of maintenance payments and other revenues in advance of the performance of the related services. As such, management anticipates that it can continue to grow the business organically without any additional funding. If we continue to acquire VMS businesses we may need additional external funding depending upon the size and timing of the potential acquisitions.

Related Parties

Transactions with related parties are assumed when a relationship exists between the Coop and a natural person or entity that is affiliated with the Coop. This includes, amongst others, the relationship between the Coop and its subsidiaries, members, directors, key management personnel and companies that are under common control of our controlling unitholder, CSI. Transactions are transfers of resources, services or obligations, regardless whether anything has been charged. There have been no material transactions with related parties that were not on a commercial basis.

The Coop had a loan of €19 million from CSI. The loan was non-interest bearing, maturing in 2024, and could be repaid at any time by the Coop. The aggregate loan was convertible into ordinary units at a price per ordinary unit equal to two times the issue price of the initial ordinary units (€2.00). During the year ending December 31, 2019 the loan was repaid.

The Coop also pays management fees to CSI (included within “Other, net” expenses) and reimburses CSI for certain expenses paid on behalf of the Coop. The aggregate payments made by the Coop to CSI for management fees and reimbursements of expenses during the year ended December 31, 2019 was €3 million (December 31, 2018 – €4 million).

The ending payable balance to CSI (included within accounts payable and accrued liabilities) as at December 31, 2019 was €1 million (December 31, 2018 – €20 million, the current portion included within accounts payable and accrued liabilities and the long-term portion included within other liabilities).

The Coop also provides professional services to other entities under the control of CSI. The total amount of revenue recognized during the year (included within professional services revenue) ended December 31, 2019 relating to such arrangements was €4 million (December 31, 2018 – €4 million). The ending receivable balance (included within accounts receivable) as at December 31, 2019 relating to these arrangements was €1 million (December 31, 2018 – €0.4 million).

Capital Resources and Commitments

Credit Facility

On July 14, 2017, a subsidiary of the Coop entered into the Credit Facility with a number of European financial institutions. Under this facility, the Coop is able to borrow up to €300 million under a multicurrency revolving loan facility and up to €50 million under an additional uncommitted term loan facility. The Credit Facility has a term of seven years and bears interest at a rate calculated at EURIBOR plus interest rate spreads based on a leverage table. The Credit Facility is collateralized by substantially all of the assets owned by the Coop and its subsidiaries. The Credit Facility contains standard events of default which if not remedied within a cure period would trigger the repayment of any outstanding balance. As at December 31, 2019, €50 million had been drawn from the Credit Facility. Transaction costs associated with the 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.

Term Loan

On October 29, 2019 a subsidiary of the Coop closed term loan funding with CVC Credit Partners, amounting to €34 million, to provide a long-term financial structure in connection with an acquired business (the "**Term Loan**"). Covenants and guarantees associated with the Term Loan are monitored and reported based on the financial position and financial performance of the acquired business.

The Term Loan has a maturity date of October 31, 2025 and the Term Loan bears an interest rate between 6 – 6.75% plus EURIBOR (2019: 6,75%). Transaction costs associated with the Term Loan 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.

Other Commitments

Commitments include operating leases for office equipment and facilities, letters of credit and performance bonds issued on our behalf by financial institutions in connection with facility leases and contracts with public sector customers. Also, occasionally we structure some of our acquisitions with contingent consideration based on the future performance of the acquired business. The fair value of contingent consideration recorded in our statement of financial position was €2 million at December 31, 2019. Aside from the aforementioned, we do not have any other business arrangements, derivative financial instruments, or any equity interests in non-consolidated entities that would have a significant effect on our assets and liabilities as at December 31, 2019.

(€ in millions)

	Total	< 1 yr	1-5 yrs	> 5 yrs
Lease obligations	44.5	11.4	25.2	7.9
Holdbacks	6.5	5.5	1.0	-
TSS facility	50.0	50.0	-	-
Term Loan	34.0	-	-	34.0
Total outstanding commitments	135.0	66.9	26.2	41.9

Off-Balance Sheet Arrangements

As a general practice, we have not entered into off-balance sheet financing arrangements. Except for short term leases, leases of low value assets, and letters of credit, all of our liabilities and commitments are reflected as part of our statement of financial position.

Proposed Transactions

We seek potential acquisition targets on an ongoing basis and may complete several acquisitions in any given fiscal year.

Critical Accounting Estimates

General

The preparation of our consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. Our estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Our ongoing evaluation of these estimates forms the basis for making judgments about the carrying values of assets and liabilities and the reported amount of revenues and expenses, in cases where they are not readily ascertainable from other sources. Actual amounts may differ from these estimates under different assumptions or conditions.

Our significant accounting policies are fully described in Note 3 to our annual consolidated financial statements included in this prospectus. Certain accounting policies are particularly important to the reporting of our financial position and results of operations, and require the application of significant judgment by our management. An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different, estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could have a material impact on the financial statements. Management believes the following critical accounting policies reflect the more significant estimates and assumptions used in the preparation of our consolidated financial statements. We believe that there have been no significant changes in our critical accounting estimates for the years presented in our consolidated financial statements.

Revenue Recognition

Revenue represents the amount the Coop expects to receive for products and services in its contracts with customers, net of discounts and sales taxes. The Coop 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. Professional service revenue consists of fees charged for implementation services, custom programming, product training and consulting. 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. 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 Coop enters into contracts that contain multiple products and services such as software licenses, hosted software-as-a-service, maintenance, professional services, and hardware. The Coop 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 Coop'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 standalone selling price.

Nature of products and services

The Coop 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 Coop’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 either on the achievement of contractually defined milestones or based on labour hours.

A portion of the Coop'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 Coop 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 Coop 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.

Valuation of Identifiable Goodwill and Other Intangible Assets

Acquisitions have been accounted for using the acquisition method required by IFRS 3. 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 excess of the consideration transferred less the assets and liabilities acquired is negative, a bargain purchase gain is recognized immediately in profit or loss. Transaction costs that the Coop incurs in connection with a business combination are expensed as incurred.

We use the income approach to value acquired technology and customer related intangible assets, which are the two material intangible asset categories reported in our financial statements.

The income approach is a valuation technique that calculates the fair value of an intangible asset based on the cash flows that the asset can be expected to generate over its remaining useful life. We utilize the discounted cash flow methodology which is a form of the income approach that begins with a forecast of the annual cash flows 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 asset.

Specifically, we rely on the relief-from-royalty method to value the acquired technology and the multiple-period excess earnings method ("**MEEM**") 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 costs 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.

Goodwill is initially recorded when the purchase price paid for an acquisition exceeds the fair value assigned to the net identifiable tangible and intangible assets acquired. Goodwill is not amortized but rather it is periodically assessed for impairment.

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. We perform an annual review in the fourth quarter of each fiscal year, or more frequently if indicators of potential impairment exist, to determine if the recorded goodwill is impaired. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee. No such losses 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 Coop's cash generating units ("**CGU**") and the net asset carrying values (including goodwill). Within the Coop's reporting structure, business units generally reflect the CGU. In determining the recoverable amount, the Coop 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 Coop for this purpose reflect current market conditions specific to the business unit and are assessed for reasonability by comparison to the Coop's current and past acquisition experience involving ranges of revenue-based multiples required to acquire representative software companies and the parent company's (CSI) 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 Coop's business acquisitions. An impairment is recognized if the carrying amount of a CGU exceeds its estimated recoverable amount. The recoverable amount for CGUs 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.

Accounting for Income Taxes

Significant management judgment is required in determining our provision for income taxes, our income tax assets and liabilities, and any recognized deferred tax assets. We operate in multiple geographic jurisdictions, and to the extent that we have profits in each jurisdiction, these profits are taxed pursuant to the tax laws of their jurisdiction. Our effective tax rate may be affected by changes in, or interpretations of, tax laws in any given jurisdiction, the level of profitability, utilization of net operating losses and tax credit carry forwards, changes in geographical mix of income and expense, and changes in management's assessment of matters, such as the ability to realize deferred tax assets. As a result of these considerations, we must estimate our income taxes in each of the jurisdictions in which we operate on a quarterly basis. This process involves estimating our actual current tax exposures, together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included in our consolidated balance sheet.

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 we intend 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.

We are subject to income tax audits by various authorities in respect of prior periods that could result in additional tax expense in future periods. While the outcome of current outstanding actions and claims remains uncertain, it is expected that they will be resolved without a material impact to our financial position. However, there can be no assurances as to the final resolution of these matters and, if the final outcome is adverse to us, the amounts we will be required to pay and the loss of certain future tax deductions could be material to our financial statements.

Accounts Receivable

We evaluate the collectability of our trade 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.

Work In Progress

For revenue arrangements that are accounted for under the percentage of completion method as well as other arrangements and contracts which limit our ability to invoice at certain milestones that do not match the timing of the actual provision of the services, we record such revenue and the related unbilled receivable in work in process. Similar to accounts receivable, we constantly have to evaluate our ability to bill and subsequently collect any amounts contained in the work in progress accounts. We review these balances on a periodic basis to ensure customer balances are prudent based upon a variety of factors, such as the financial health of the customer, macroeconomic considerations and historical experience. If circumstances related to specific customers change, our estimates of the recoverability of work in progress may be further adjusted.

Provisions

A provision is recognized if, as a result of a past event, the Coop 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 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.

We are currently involved in various claims and legal proceedings. Quarterly, we review the status of each significant matter and assess our potential financial exposure. Because of the uncertainties related to these matters, provisions are based only on the best information available at the time. As additional information becomes available, we reassess the potential liability related to our pending claims and litigation and, if necessary, revise our provisions. Such revisions in the estimates of the potential liabilities could have a material impact on our results of operations and financial position.

Members' Equity

As at December 18, 2020 there were 59,078,027 ordinary basic units outstanding.

Risks and Uncertainties

See "*Risk Factors*" for a discussion of the risks affecting our business.

DIVIDEND POLICY

No cash dividends or distributions have been declared on the Super Voting Share, the Preferred Shares or the Subordinate Voting Shares during the three most recently completed financial years.

Our ability to pay dividends on the Subordinate Voting Shares will be restricted by the preferential dividend entitlements of the holders of the Preferred Shares, and we do not anticipate paying any cash dividends on the Subordinate Voting Shares until the Preferred Shares are converted or redeemed in accordance with their terms.

See "*Description of Capital Structure – Capital Structure of the Company – Subordinate Voting Shares and Super Voting Share*", "*Description of Capital Structure – Capital Structure of the Company – Preferred Shares"* and "*Governance of the Company and the Coop – Investor Rights and Governance Agreement – Dividend Policy*".

DESCRIPTION OF CAPITAL STRUCTURE

The following describes the material terms of the capital structure of each of the Company and the Coop after completion of the Pre-Closing Reorganization, the Spin-Out and the Acquisition.

The fundamental corporate law features of the capital structure of each of the Company and the Coop will be set out in each of their constating documents, in accordance with, in the case of the Company, the *Business Corporations Act* (Ontario) and in the case of the Coop, Dutch corporate law. However, importantly, CSI, the Joday Group and IJssel (collectively, the "**Significant Shareholders**") have entered into an investor rights and governance agreement (the "**IRGA**") with the Company and the Coop dated December 17, 2020. The IRGA includes a number of contractual provisions which impact the exercise by the Significant Shareholders, the Company and the Coop, as applicable, of the rights described in this summary as the "Preferred Share Conversion Right", the "Preferred Share Call Price Right", the "Preferred Share Retraction Right", the "Preferred Share Put Right", the "Company Mandatory Conversion Moment Call Right" and the "Company Call Right". Investors seeking to understand the capital structure of the Company and the Coop must also refer to the terms of the IRGA.

The following description may not be complete, and is subject to, and qualified in its entirety by reference to, the terms and provisions of our constating documents, the IRGA and other related agreements, including the Exchange Agreement (as defined herein).

References to "fully-diluted" in this prospectus assume (i) the conversion or exchange, as applicable, of all Preferred Shares and Exchangeable Units into Subordinate Voting Shares, (ii) any accrued but unpaid dividends on the Preferred Shares or Preference Units are paid in cash, and (iii) there are no further share or unit issuances, as applicable, by the Company or the Coop. Unless otherwise indicated, references to "fully-diluted" exclude the conversion of the Super Voting Share into a Subordinate Voting Share. See "*Topicus.com Inc. – Overview*" for a simplified diagram of the Company's corporate structure and fully-diluted capital structure assuming the completion of each of the Pre-Closing Reorganization, the Spin-Out and the Acquisition.

Capital Structure of the Company

Overview

The Company was incorporated under the *Business Corporations Act* (Ontario) on September 10, 2020.

The Company's authorized share capital consists of an unlimited number of Subordinate Voting Shares, 1 Super Voting Share and an unlimited number of Preferred Shares (collectively, the "**Company Shares**").

In addition, the Coop is authorized to issue an unlimited number of Ordinary Units, and an unlimited number of Preference Units. All Ordinary Units and Preference Units held by the Joday Group and IJssel (collectively, the "**Exchangeable Units**") are exchangeable, directly or indirectly, for Subordinate Voting Shares.

After the completion of the Pre-Closing Reorganization, the Spin-Out and the Acquisition, there will be 39,412,385 Subordinate Voting Shares, 1 Super Voting Share, 39,412,385 Preferred Shares and 51,017,048 Exchangeable Units outstanding.

Subordinate Voting Shares and Super Voting Share

The Super Voting Share carries a greater number of votes per share relative to the Subordinate Voting Shares. Subordinate Voting Shares are therefore "restricted securities" within the meaning of such term under applicable Canadian securities laws. The Company is entitled to file this prospectus on the basis that it complies with Section 12.3(3)(b) of National Instrument 41-101 – *General Prospectus Requirements*, as it was a private issuer immediately before filing this prospectus.

Other than in respect of voting rights, the Subordinate Voting Shares and the Super Voting Share have the same rights, are equal in all respects and are treated as if they were one class of shares.

Voting

Holders of Subordinate Voting Shares and the Super Voting Share are entitled to attend and vote at meetings of the Company's shareholders except meetings at which only holders of a particular class are entitled to vote. Holders of Subordinate Voting Shares are entitled to one vote per share, and the holder of the Super Voting Share is entitled to that number of votes that equals 50.1% of the aggregate number of votes attached to all of the outstanding Super Voting Shares and Subordinate Voting Shares at such time. After giving effect to the Spin-Out, the Subordinate Voting Shares will collectively represent 99.999997% of the total outstanding voting shares and 49.9% of the votes attached to all of the outstanding voting shares, and the Super Voting Share will represent 0.000003% of the total outstanding voting shares and 50.1% of the votes attached to all of the outstanding voting shares.

Ranking and Priority

The Subordinate Voting Shares and the Super Voting Share will rank *pari passu*, share for share, with respect to the payment of dividends, return of capital and distribution of assets in the event of the liquidation, dissolution or winding-up of the Company. In the event of the liquidation, dissolution or winding-up of the Company or any other distribution of its assets among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary, the holders of the Subordinate Voting Shares and the Super Voting Share are entitled to participate equally in the remaining property and assets of the Company available for distribution to the holders of the Company Shares, without preference or distinction between the Subordinate Voting Shares and the Super Voting Share, subject to the rights of the holders of the Preferred Shares.

Dividends

Holders of the Subordinate Voting Shares and the Super Voting Share are entitled to receive dividends on a *pari passu*, share for share, basis at such times and in such amounts as the Company's board of directors may from time to time determine, without preference or distinction between the Subordinate Voting Shares and the Super Voting Share, subject to the preferential rights of the holders of the Preferred Shares.

Conversion

The Subordinate Voting Shares are not convertible into any other class of shares. The Super Voting Share may, at any time, at the option of the holder thereof, be converted into one Subordinate Voting Share. Upon the first date that the Super Voting Share is held by or transferred to a person other than CSI (or a wholly owned subsidiary thereof), without any further action, CSI will automatically be deemed to have exercised its right to convert such Super Voting Share into one Subordinate Voting Share. In addition, the Super Voting Share will convert automatically into a Subordinate Voting Share on the earlier of (i) the date on which CSI (or a wholly owned subsidiary thereof) no longer holds, directly or indirectly, in the aggregate at least 15% of the outstanding Subordinate Voting Shares (calculated on a fully-diluted basis), and (ii) the date on which CSI sells or transfers the Super Voting Share to anyone other than a wholly owned subsidiary of CSI.

Preferred Shares

Voting

Holders of Preferred Shares will not be entitled (except as otherwise provided by law) to receive notice of, attend at, or vote at any meeting of Company Shareholders.

Ranking and Priority

The Preferred Shares are entitled to priority over the Subordinate Voting Shares and Super Voting Shares and any other shares of the Company ranking junior to the Preferred Shares with respect to priority in the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, and any other distribution of the assets of the Company among the Company Shareholders for the purpose of winding-up the Company's affairs.

Dividends

Holders of the Preferred Shares are entitled to receive fixed preferential cumulative dividends at the rate of 5% per annum on the initial preferred share value of €19.064051607 (the "**Initial Pref Value**"). The Initial Pref Value is based on the enterprise value of the Company, being €1,237.656 million, which amount has been determined based on the purchase price of €111.389 million being paid by IJssel for its 9% interest in the Business. The Initial Pref Value is supported by an independent third party valuation report obtained by CSI. No dividend will at any time be declared or paid on the Subordinate Voting Shares, or on any other shares ranking junior to the Preferred Shares, unless and until the accrued preferential cumulative dividends on all of the Preferred Shares outstanding have been declared and paid.

In the event of the conversion or redemption of the Preferred Shares (as described below), the holders of the Preferred Shares will be entitled to receive all accrued but unpaid dividends accruing to the day before the applicable conversion or redemption date. Such accrued dividends will be paid in cash, or in certain circumstances at the option of the board of directors of the Company and subject to TSXV approval, by the issuance of Subordinate Voting Shares of equal value.

Conversion

Holders of the Preferred Shares are entitled to convert some or all of their Preferred Shares into Subordinate Voting Shares on a one for one basis at any time (the "**Preferred Share Conversion Right**").

Upon the exercise of the Preferred Share Conversion Right, the holders of the Preferred Shares will be entitled to receive all accrued but unpaid dividends accruing to the day before the conversion date. Pursuant to the terms of the IRGA, the board of directors of the Company will make a determination as to whether the Company has sufficient cash on hand to satisfy the payment of any accrued but unpaid dividends on the Preferred Shares in cash. If the board of directors of the Company determines that the Company does not have sufficient cash on hand, the accrued but unpaid dividends will, subject to TSXV approval, be satisfied by the issuance of Subordinate Voting Shares of equal value.

Redemption at the Option of the Holder

Pursuant to the terms of the IRGA, upon either the exercise by the Company of the Company Call Right (as defined below), or the exercise of the Preferred Share Retraction Right (as defined below), the holders of the Preferred Shares will, subject to the terms of the IRGA, be entitled to receive an amount of cash equal to the Initial Pref Value, or Subordinate Voting Shares of equal value, or any combination thereof, in each case at the option of the holder of the Preferred Shares (the "**Preferred Share Call Price Right**"). Notwithstanding the foregoing, if the board of directors of the Company determines that the Company does not have sufficient cash on hand to make the payment in cash, the holders of Preferred Shares will, subject to TSXV approval, receive Subordinate Voting Shares on the terms described above.

Preferred Share Retraction Right

The "**Preferred Share Retraction Right**" provides that (i) at any time during the first six months following the date on which the Preferred Shares are issued, the holders will have the right (but not the obligation) to sell all of their Preferred Shares to the Company and exercise the Preferred Share Call Price Right (in which case, pursuant to the terms of the IRGA the holders of the Preference Units will be entitled to sell all of their Preference Units to the Coop and exercise the Preference Unit Call Price Right), and (ii) at any time after the first six months following the date on which the Preferred Shares are issued, holders representing 95% of the Preferred Shares and the Preference Units (together, the "**Pref Securities**"), excluding any Preference Units held by the Company, will have the right (but not the obligation) to entitle the holders of the Preferred Shares to sell all of their Preferred Shares to the Company and to exercise the Preferred Share Call Price Right.

Upon the exercise of the Preferred Share Retraction Right, the holders of the Preferred Shares will also be entitled to receive all accrued but unpaid dividends accruing to the day before the redemption date. These accrued but unpaid dividends will be satisfied by the payment of cash.

Preferred Share Put Right

Subject to the terms of the IRGA, holders of the Preferred Shares will be entitled to require the Company to repurchase some or all of their Preferred Shares (the "**Preferred Share Put Right**"). Upon the exercise of the Preferred Share Put Right, the holders of the Preferred Shares will be entitled to receive an amount of cash equal to the Initial Pref Value.

The Preferred Share Put Right is not exercisable during the first three years following the date on which the Subordinate Voting Shares begin trading on the TSXV (the "**Trading Date**").

Pursuant to the terms of the IRGA, the Preferred Share Put Right can be exercised at any time starting three years following the Trading Date, but if the Preferred Share Put Right is exercised prior to the date that is five years following the Trading Date, it shall only be exercisable if at such time the board of directors of the Company determines that the Company has sufficient cash on hand to satisfy the payment of the Initial Pref Value in cash; if the board of directors of the Company determines that it does not have sufficient cash on hand, the holders of the Preferred Shares will not be permitted to exercise the Preferred Share Put Right. If the Preferred Share Put Right is exercised at any time starting five years following the Trading Date, then regardless of whether the Company has sufficient cash on hand at that time, the holders of the Preferred Shares will be entitled to receive an amount of cash equal to the Initial Pref Value and, subject to the terms below, upon the exercise of the Preferred Share Put Right by a holder, the Company must notify each other holder of Preferred Shares of such exercise, and invite (but not oblige) such other holders to also exercise their Preferred Share Put Right, upon 30 days' notice to the Company. During that 30 day notice period, the Company will determine whether or not it has sufficient cash on hand to satisfy the payment of the Initial Pref Value in cash, and if it does not, the Company will have the option to exercise the Company Call Right, in which case the Preferred Share Put Right will not be exercised in respect of any of the Preferred Shares.

Upon the exercise of the Preferred Share Put Right, the holders of the Preferred Shares will also be entitled to receive all accrued but unpaid dividends accruing to the day before the redemption date. These accrued but unpaid dividends will be satisfied by the payment of cash.

<u>Redemption at the Option of the Company</u>

Company Mandatory Conversion Moment Call Right

Subject to the terms of the IRGA, if the Subordinate Voting Shares achieve (the "**Mandatory Conversion Moment**") a volume weighted average share price that is equal to at least the Canadian dollar equivalent of 125% of the Initial Pref Value (being the Canadian dollar equivalent of €23.830064508, calculated at the time of completion of Step 1 of the Pre-Closing Reorganization – see "*Pre-Closing Reorganization*") (the "**Premium Target Price**") determined on the basis of the 60-day volume weighted average trading price of the Subordinate Voting Shares for any 60-day period, and the holders of the Preferred Shares have not exercised the Preferred Share Conversion Right within 30 days after notice has been given to them that the Premium Target Price has been achieved, the Company will redeem the Preferred Shares in exchange for a cash payment to the holders of the Preferred Shares of the Initial Pref Value (the "**Company Mandatory Conversion Moment Call Right**").

Pursuant to the terms of the IRGA, the earliest date that the actual conversion or redemption of Preferred Shares resulting from the occurrence of the Mandatory Conversion Moment may occur is the first business day occurring 12-months following the Trading Date and, thereafter, such conversion may only occur after the first business day that is six months following the Mandatory Conversion Moment.

Upon the exercise of the Company Mandatory Conversion Moment Call Right, the holders of the Preferred Shares will also be entitled to receive all accrued but unpaid dividends accruing to the day before the redemption date. Pursuant to the terms of the IRGA, the board of directors of the Company will make a determination as to whether the Company has sufficient cash on hand to satisfy the payment of any accrued but unpaid dividends on the Preferred Shares in cash. If the board of directors of the Company determines that the Company does not have sufficient cash on hand, the accrued but unpaid dividends will, subject to TSXV approval, be satisfied by the issuance of Subordinate Voting Shares of equal value.

Pursuant to the terms of the IRGA, achieving the Mandatory Conversion Moment will require the Company to exercise the Company Mandatory Conversion Moment Call Right and the Coop will then be required to exercise its corresponding right over the Preference Units. See *"Description of Capital Structure – Capital Structure of the Coop – Preference Units – Redemption at the Option of the Coop*".

Company Call Right

At any time after five years following the Trading Date, the Company will have the option to redeem all the Preferred Shares in exchange for, at the option of each holder of Preferred Shares, payment of an amount in cash equal to the Initial Pref Value, or Subordinate Voting Shares of equal value, or some combination thereof (the "**Company Call Right**"). Notwithstanding the foregoing, if the board of directors of the Company determines that the Company does not have sufficient cash on hand to make the payment in cash, the holders of Preferred Shares will, subject to TSXV approval, receive Subordinate Voting Shares on the terms described above.

Upon the exercise of the Company Call Right, the holders of the Preferred Shares will also be entitled to receive all accrued but unpaid dividends accruing to the day before the redemption date. Pursuant to the terms of the IRGA, the board of directors of the Company will make a determination as to whether the Company has sufficient cash on hand to satisfy the payment of any accrued but unpaid dividends on the Preferred Shares in cash. If the board of directors of the Company determines that the Company does not have sufficient cash on hand, the accrued but unpaid dividends will, subject to TSXV approval, be satisfied by the issuance of Subordinate Voting Shares of equal value.

In addition, pursuant to the terms of the IRGA, if the Company Call Right is exercised, and at the time of such exercise the value of a Subordinate Voting Share (determined in accordance with the IRGA) exceeds the Initial Pref Value, then the holders of the Preferred Shares will first have the option to exercise the Preferred Share Conversion Right, in which case the Company Call Right will not be exercised.

The Company Call Right can only be exercised by the Company if the Coop exercises the Coop Call Right concurrently. See *"Description of Capital Structure – Capital Structure of the Coop – Preference Units – Redemption at the Option of the Coop"*.

Capital Structure of the Coop

Overview

The Coop was incorporated as a Dutch cooperative under the laws of the Netherlands on December 12, 2013.

The Coop's authorized capital consists of an unlimited number of ordinary membership interests (the "**Ordinary Units**"), and an unlimited number of non-voting preferred membership interests (the "**Preference Units**", and together with the Ordinary Units, the "**Coop Units**").

Ordinary Units

<u>Voting</u>

Holders of the Ordinary Units (in their capacity as members of the Coop) are entitled to attend and vote at meetings of the Coop's members except meetings at which only members of a particular class or holding particular units are entitled to vote. Members are entitled to one vote per Ordinary Unit provided that each member of the Coop has at least one vote.

Ranking and Priority

In the event of the liquidation, dissolution or winding-up of the Coop or any other distribution of its assets among its unitholders for the purpose of winding-up its affairs, whether voluntary or involuntary, the holders of the Ordinary Units are entitled to the remaining property and assets of the Coop available for distribution to the holders of the Ordinary Units, subject to the preferential rights of the holders of the Preference Units.

Dividends

Holders of the Ordinary Units are entitled to receive dividends at such times and in such amounts as the Coop's board of directors may from time to time determine, subject to the preferential rights of the holders of the Preference Units.

Conversion

The Ordinary Units are not convertible into any other class of units. Pursuant to the terms of the IRGA and the Exchange Agreement, the portion of the Ordinary Units which constitute Exchangeable Units are exchangeable for Subordinate Voting Shares.

Preference Units

Voting

Holders of Preference Units (in their capacity as members of the Coop) will be entitled to attend any meetings of the Coop's members except meetings at which only members holding a particular class or holding particular units are entitled to attend. Preference Units do not give entitlement to exercise votes at any meetings of the Coop other than one vote per Preference Unit in meetings of members holding Preference Units.

Ranking and Priority

The Preference Units are entitled to priority over the Ordinary Units and any other membership interests of the Coop ranking junior to the Preference Units with respect to priority in the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Coop, whether voluntary or involuntary, and any other distribution of the assets of the Coop among the Coop Unitholders for the purpose of winding-up the Coop's affairs.

Dividends

Holders of the Preference Units are entitled to receive fixed preferential cumulative dividends at the rate of 5% per annum on the Initial Pref Value. No dividend will at any time be declared or paid on the Ordinary Units, or on any other membership interests ranking junior to the Preference Units, unless and until the accrued preferential cumulative dividends on all of the Preference Units outstanding have been declared and paid.

In the event of the conversion or redemption of the Preference Units (as described below), the holders of the Preference Units will be entitled to receive all accrued but unpaid dividends accruing to the day before the applicable conversion or redemption date. Such accrued dividends will be paid in cash, or in certain circumstances at the option of the board of directors of the Coop, by the issuance of Ordinary Units of equal value.

Conversion

Holders of the Preference Units are entitled to convert some or all of their Preference Units into Ordinary Units on a one for one basis at any time (the "**Preference Unit Conversion Right**"). Pursuant to the terms of the IRGA and the Exchange Agreement, the portion of the Preference Units which constitute Exchangeable Units are indirectly exchangeable for Subordinate Voting Shares.

Upon the exercise of the Preference Unit Conversion Right, the holders of the Preference Units will be entitled to receive all accrued but unpaid dividends accruing to the day before the conversion date. Pursuant to the terms of the IRGA, the board of directors of the Coop will make a determination as to whether the Coop has sufficient cash on hand to satisfy the payment of any accrued but unpaid dividends on the Preference Units in cash. If the board of directors of the Coop determines that the Coop does not have sufficient cash on hand, the accrued but unpaid dividends will be satisfied by the issuance of Ordinary Units of equal value.

Holders of Preference Units are entitled to exercise their Preference Unit Conversion Right, and either continue to hold Ordinary Units, or, pursuant to the terms of the IRGA and the Exchange Agreement, the portion of the Ordinary Units which constitute Exchangeable Units can be exchanged for Subordinate Voting Shares.

Redemption at the Option of the Holder

Upon the exercise by the Coop of the Coop Call Right (as defined below), or the exercise of the Preference Unit Retraction Right (as defined below), holders of the Preference Units have a right that mirrors the Preferred Share Call Price Right (but at the Coop level) (the "**Preference Unit Call Price Right**"), and is subject to substantially the same terms and restrictions as apply to the Preferred Share Call Price Right (but at the Coop level). As the Preference Unit Call Price Right occurs at the Coop level, the holders of the Preference Units would receive Ordinary Units, and not Subordinate Voting Shares, in connection with the exercise of this right.

The "**Preference Unit Retraction Right**" provides that (i) at any time during the first six months following the date on which the Preferred Shares are issued, the holders of the Preferred Shares will have the right (but not the obligation) to sell all of their Preferred Shares to the Company and exercise the Preferred Share Call Price Right, in which case, the holders of the Preference Units will be entitled to sell all of their Preference Units to the Coop and exercise the Preference Units Call Price Right, and (ii) at any time after the first six months following the date on which the Preferred Shares are issued, holders representing 95% of the Pref Securities (excluding any Preference Units held by the Company) will have the right (but not the obligation) to entitle the holders of the Preference Units to sell all of their Preference Units to the Coop and exercise the Preference Unit Call Price Right.

Holders of the Preference Units have a redemption right that mirrors the Preferred Share Put Right (but at the Coop level), and is subject to substantially the same terms and restrictions as apply to the Preferred Share Put Right (but at the Coop level).

See "*Description of Capital Structure – Capital Structure of the Company – Preferred Shares – Redemption at the Option of the Holder*".

Redemption at the Option of the Coop

The Coop has a redemption right in respect of the Preference Units that mirrors the Company Mandatory Conversion Moment Call Right (but at the Coop level), and is subject to substantially the same terms and restrictions as apply to the Company Mandatory Conversion Moment Call Right (but at the Coop level). This right can only be exercised by the Coop if the Company exercises the Company Mandatory Conversion Moment Call Right.

The Coop has a redemption right in respect of the Preference Units that mirrors the Company Call Right (but at the Coop level), and is subject to substantially the same terms and restrictions as apply to the Company Call Right (but at the Coop level) (the "**Coop Call Right**"). The Coop Call Right can only be exercised by the Coop if the Company exercises the Company Call Right concurrently.

See "*Description of Capital Structure – Capital Structure of the Company – Preferred Shares – Redemption at the Option of the Company*".

Exchangeable Units

The following is a summary of the material terms of the exchange agreement to be entered into among the Company, the Coop, the Joday Group and IJssel (the "**Exchange Agreement**"). This summary is qualified in its entirety by reference to the provisions of that agreement, which will be filed with the Canadian securities regulatory authorities at www.sedar.com.

Each Ordinary Unit and each Preference Unit held by the Joday Group or IJssel can be exchanged, directly or indirectly, at the option of the holder, for one Subordinate Voting Share, in accordance with the rights, privileges, restrictions and conditions attached thereto (the "**Exchangeable Unit Provisions**") as set out in the Exchange Agreement. Pursuant to the Exchange Agreement, holders of Exchangeable Units are entitled, solely at such person's discretion, to require the Company, to transfer to such holder, for each Exchangeable Unit presented and exchanged, one Subordinate Voting Share, subject to adjustment pursuant to the Exchangeable Unit Provisions.

GOVERNANCE OF THE COMPANY AND THE COOP

Investor Rights and Governance Agreement

The IRGA will create certain contractual obligations of the parties in respect of the governance of the Company and the Coop.

The following is a summary of the material terms of the IRGA. This summary is qualified in its entirety by reference to the provisions of that agreement, which will be filed with the Canadian securities regulatory authorities at www.sedar.com.

Unless otherwise indicated, references to "fully-diluted" in this section of the prospectus include the conversion of the Super Voting Share into a Subordinate Voting Share.

Holding Purpose

The only purpose of the Company shall be to hold Preference Units and Ordinary Units, to have a listing on the TSXV to facilitate the trading of the Subordinate Voting Shares, and to undertake such additional activities as may be reasonably necessary to fulfill such purpose. Without the prior written approval of all parties to the IRGA (other than the Joday Individual Investors), the Company shall not deviate from such purpose, including by means of a corporate reorganization, and shall not have any business, operational or investment activities other than as set out above. See "*Risk Factors – Risks Related to the Company and the Industry – The Company is and will remain a holding company and its material assets consist solely of interests in the Company's operating subsidiaries*."

Board and Management

Composition of the Board and Management

The board of directors of the Company will consist of ten directors. CSI will have the right to nominate six of such individuals for so long as CSI holds a 15% fully-diluted interest in the Company, IJssel will have the right to nominate two of such individuals for so long as IJssel holds a 5% fully-diluted interest in the Company and Joday will have the right to nominate two of such individuals for so long as the Joday Group holds a 5% fully-diluted interest in the Company. In addition, as long as the foregoing ownership interest is maintained by the Joday Group and as long as IJssel holds a 5% fully-diluted interest in the Company, respectively, each of IJssel and Joday will also have the right to appoint an observer to the board of directors of the Company.

CSI has agreed to exercise its voting rights in respect of the appointment and removal of members of the board of directors of the Company in such a way as to give effect to the nomination rights of IJssel and Joday.

The board of directors of the Coop will consist of 11 directors. CSI will have the right to nominate six of such individuals for so long as CSI holds a 15% fully-diluted interest in the Company, IJssel will have the right to nominate four of such individuals for so long as IJssel holds a 5% fully-diluted interest in the Company (which number of nominees drops to two for so long as IJssel holds less than a 5% but more than a 3% full-diluted interest in the Company) and Joday will have the right to nominate one of such individuals for so long as the Joday Group holds a 5% fully-diluted interest in the Company. In addition, as long as IJssel holds a 3% fully-diluted interest in the Company, IJssel will also have the right to appoint an observer to the board of directors of the Coop.

The board of directors of the Coop and the board of directors of the Company will appoint Daan Dijkhuizen to serve as the Chief Executive Officer of each of the Company and the Coop for a minimum period equal to the earlier of two years following the closing of the Acquisition, and the date on which IJssel no longer holds a 3% fully-diluted interest in the Company. The board of directors of the Coop and the board of directors of the Company may appoint Daan Dijkhuizen to serve as the Chief Executive Officer beyond that minimum period of time.

Robin van Poelje will serve as the Chairman of each of the boards of directors of the Company and the Coop.

Each of the Company, IJssel and the Joday Group has agreed to exercise its voting rights in respect of the appointment and dismissal of members of the board of the Coop in such a way as to give effect to the nomination rights as set out herein.

Board Meetings and Approvals

A quorum for meetings of the board of directors of the Company will require the presence of at least 80% of the directors, and as long as at least two of CSI, IJssel and Joday continue to have the board nomination rights under the IRGA, at least one board nominee of each such party must be present. If a quorum is not met, such meeting shall be re scheduled for a time no later than 48 hours from the time of the original meeting and the quorum for such meeting shall be 50%.

Similar quorum and representation rights apply to the board of directors of the Coop.

Certain actions in respect of the Company require the unanimous consent of the board of directors of the Company, including a transfer of the Super Voting Share to a permitted holder, and any deviations from the dividend provisions in the IRGA.

Certain actions in respect of the Coop require the unanimous consent of the board of directors of the Coop, including: the exclusion or restriction of any pre-emptive rights of unitholders (except in the event of emergency issuances of securities as set out in the IRGA); new issuances of securities of the Coop; the winding down of the Coop; certain changes to the Services Agreement (as defined below); any legal merger or demerger of the Coop; the sale, lease, exchange or disposition of any assets of the Coop to, or the dealing in any other way with, any person not at arm's length with the Coop on non-arm's length terms; the sale of any material business of the Coop, unless it takes place in connection with future M&A activities of the Coop with an arm's length third party or is the result of an acquisition of a company; certain repurchases of units of the Coop; the implementation of any management incentive plan within the Coop which could reasonably be expected to be dilutive to the value of individual Coop Units, but not including the already existing management incentive plans active within the Coop on the date of closing of the Acquisition; entering into or modifying arrangements with certain persons, including Coop Unitholders; amending the Coop's articles; and changing the Coop's policy regarding its ratio of total net debt to adjusted earnings before interest, taxes, depreciation and amortization.

Certain actions in respect of the Coop require consultation with the entire board of directors of the Coop and the consent of a majority of the board of directors of the Coop, including: the acquisition or disposition of companies or assets in excess of €$20 million per transaction; the entering into of material joint ventures and related arrangements; investments in new business initiatives at costs that exceed €500,000; the termination of certain key personnel; the determination of remuneration of certain personnel; the granting of certain security; the procurement of any performance, payment or warranty bonds of the Coop which have not been approved in advance by the CEO of the Coop or the CEO of the applicable operating group issuing such bond; the incurrence of debt or guarantees other than in the ordinary course of business; the declaration and payment of discretionary dividends; dealings with registered property that has a value in excess of €1 million; new lending or borrowing in excess of €100,000; and the adoption of a budget or business plan.

Special Shareholder Rights

Prior to taking any of the following actions, the Company is generally required to obtain the consent of Joday: the exclusion or restriction of any pre-emptive rights of shareholders of the Company; new issuances of securities of the Company; the winding down of the Company; any consolidation, amalgamation, reorganization, etc. of the Company; certain repurchases of shares of the Company or certain returns or repayments of share capital; the implementation of any Company management incentive program; entering into or modifying arrangements with Company Shareholders; changing the Company's residence for tax purposes; entering into new debt arrangements; and amending the Company's articles and by-laws.

For so long as the Joday Group holds a 5% fully-diluted interest in the Company, debt and equity financings involving the Company will be executed at the level of the Coop unless approved in advance by Joday (after reasonable consultation with IJssel as long as IJssel holds a 5% fully-diluted interest in the Company), and Joday will be entitled to consent to (i) any debt or equity financing by the Company, unless there is a concurrent debt or equity financing involving the Coop, such that the financings affect Company Shareholders and Coop Unitholders proportionately and on the same economic and other material terms and conditions, and (ii) any bank financing outside of the existing financing arrangements for the Coop pursuant to which the assets of the Coop or any of its subsidiaries would be subject. In addition, generally speaking, any financing in respect of the Coop must be entered into on arm's length terms and must not cause the Coop to exceed certain agreed upon ratios of total net debt to adjusted earnings before interest, taxes, depreciation and amortization, unless such financing is unanimously approved by the board of directors of each of the Company and the Coop.

Furthermore, so long as IJssel holds a 5% fully-diluted interest in the Company, the approval of the board of directors of the Coop, and the approval of certain IJssel board nominees, is required for TPCS Holding B.V. (an indirect subsidiary of the Coop) or any of its subsidiaries to proceed with any debt financing that would exceed an agreed upon ratio of total net debt to adjusted earnings before interest, taxes, depreciation and amortization.

For so long as CSI holds the Super Voting Share, the approval of the board of directors of CSI is required for any acquisition by the Coop (other than pursuant to ordinary course commercial arrangements) that exceeds US$100 million.

The approval of any acquisition by the Coop of the equity interests of any entity (including the entering into by the Coop of any binding commitments in relation thereto), or the acquisition by the Coop of the assets of any entity (other than pursuant to ordinary course commercial arrangements), shall require the prior written approval of Joday.

CSI has the right to provide its prior written approval of any business acquisition by the Coop if the proposed purchase price for such acquisition is greater than a threshold based on the net maintenance revenue of the business to be acquired.

Until 2025 (i) each of CSI and IJssel (but in the case of IJssel only for so long as it holds a 5% fully-diluted interest in the Company) can require the Company to pursue a dual listing on Euronext Amsterdam, and (ii) CSI will be restricted from supporting a public offer (or alternative transaction) with the intention of delisting the Subordinate Voting Shares, unless Jody and IJssel consent.

Dividend Policy

The ability of the board of directors of the Company and the board of directors of the Coop (collectively, the "**Boards**") to declare and pay dividends on the Subordinate Voting Shares, the Super Voting Share and the Ordinary Units, will be restricted by the preferential dividend entitlements of the holders of the Pref Securities. It is anticipated that no cash dividends will be paid on the Ordinary Units, the Subordinate Voting Shares or the Super Voting Share until the Pref Securities are converted, redeemed or exchanged in accordance with their terms.

Restrictions on Exercise

The IRGA contains a number of contractual provisions which impact the exercise by the holders, the Company and the Coop, as applicable, of the conversion and redemption rights applicable to the Pref Securities.

See "*Description of Capital Structure – Capital Structure of the Company – Preferred Shares*" and "*Description of Capital Structure – Capital Structure of the Coop – Preference Units*".

Pre-emptive Rights

Holders of the Ordinary Units and the Preference Units have pre-emptive rights pursuant to which they can generally maintain their pro rata ownership interest in the Coop on the same terms and conditions offered to any other unitholder or prospective unitholder. There are certain carve-outs to these pre-emptive rights, including the ability of the Coop to issue units of the Coop to arm's length vendors in connection with M&A transactions, provided such units do not exceed 5% of the total Ordinary Units and Preference Units outstanding at such time.

Special Provisions Among CSI and the Joday Group

The IRGA contains special provisions between CSI and the Joday Group, including tag along rights, put options and call options. Such options and rights are applicable to the Coop Units and Company Shares that are held by CSI and the Joday Group as of the closing of the Acquisition (and any units or shares into which such Coop Units have been converted or exchanged).

Tag Along Rights

If CSI or the Company or any of their affiliates receives an offer to purchase 50% or more of all of the Coop Units held by the Company (which percentage shall be calculated on the basis that all Preference Units shall be deemed to have been converted into Ordinary Units in accordance with the IRGA) from a third party purchaser, any member of the Joday Group has the right, at his or its option, to require all of its Coop Units and the Company Shares (the "**Joday Owned Securities**") to be sold to such third party purchaser on the same terms and conditions offered to CSI, the Company or any of their affiliates, as the case may be.

Put Options

Any time after the closing of the Acquisition, any member of the Joday Group has the right, at his or its option, to sell any number of its Coop Units to CSI at a cash price per Coop Unit determined in accordance with the IRGA. Upon the exercise of such option by a member of the Joday Group, CSI will be obligated to purchase 33.33% of such Coop Units within 30 days, and an additional 33.33% on each of the first and the second anniversary of such initial purchase. Notwithstanding the foregoing, CSI can offer the Company the right to purchase such Coop Units in lieu of CSI.

In the event of a change of control of CSI, any member of the Joday Group has the right, at his or its option, to sell all of its Coop Units to CSI at a cash price per Coop Unit determined in accordance with the IRGA. Upon the exercise of such option by a member of the Joday Group, CSI will be obligated to purchase all such Coop Units. Notwithstanding the foregoing, CSI can offer the Company the right to purchase such Coop Units in lieu of CSI.

At any time after the Dividend, if CSI reduces its economic interest in the Company by a sale or transfer of its economic interest (and not due to any additional issuance of any shares or equity by the Company) by more than one-third (calculated on a fully converted basis in accordance with the IRGA), any member of the Joday Group has the right, at his or its option, to sell to CSI one-third of its Coop Units at a cash price per Coop Unit determined in accordance with the IRGA. Upon the exercise of such put option by a member of the Joday Group, CSI will be obligated to purchase all such put Coop Units. Notwithstanding the foregoing, CSI can offer the Company the right to purchase such Coop Units in lieu of CSI. Any member of the Joday Group has a similar right to sell one-half or all of its remaining Coop Units, respectively, at its option, if CSI further reduces its remaining fully-diluted economic interest in the Company by a sale or transfer of its economic interest by one-half and again if CSI sells its entire remaining economic interest in the Company.

All of the above rights of members of the Joday Group continue to apply to any Company Shares issued on an exchange of Exchangeable Units.

Call Options

At any time after December 31, 2023, CSI has the right, at its option, to buy all of the Coop Units and Company Shares held by certain members of the Joday Group (excluding Joday) at a cash price per Coop Unit determined in accordance with the IRGA. After December 31, 2043, CSI has the same right to buy all of the Coop Units held by the remaining members of the Joday Group, including Joday.

In addition, if certain individuals affiliated with Joday are terminated from their employment with the Coop or an affiliate thereof for urgent cause (as defined in the Dutch Civil Code), CSI has the right, at its option, to buy all of the Coop Units held by such individuals at a cash price per Coop Unit determined in accordance with the IRGA.

IJssel Put Option

The IRGA contains a one-time put option in favour of IJssel, exercisable by IJssel on December 31, 2021 if the Subordinate Voting Shares do not commence trading on the TSXV on or prior to December 31, 2021 (the "**IJssel Put Option**"). Pursuant to the IJssel Put Option, IJssel can put some or all of the Coop Units held by IJssel at such time to CSI in exchange for payment to IJssel of consideration equal to the percentage of IJssel's total interest in the Coop that is the subject of the put, multiplied by €108,800,000 (the "**IJssel Put Consideration**"). If IJssel is not exercising the IJssel Put Option in respect of all of the Coop Units that it holds at such time, it must exercise the IJssel Put Option in respect of the same percentage of Ordinary Units and Preference Units held by it. Upon exercise of the IJssel Put Option, Joday must pay to CSI an amount equal to the IJssel Put Consideration multiplied by 31.28% and in exchange, Joday will receive that same percentage of the Coop Units that are the subject of the put.

Restrictive Covenants

Until the date that is five years following the closing of the Acquisition, CSI will generally be prohibited from supporting or engaging in a transaction intended to take the Company private, unless it obtains the unanimous consent of the board of directors of the Company.

There are transfer restrictions that apply in respect of certain of the securities of the Company and of the Coop that are owned by certain of the Significant Shareholders.

Certain individuals who are founders and/or shareholders of IJssel or Joday, or Individual Joday Investors, as applicable, are subject to non-competition restrictions.

Additional Provisions

The IRGA terminates upon the first to occur of (i) the written agreement of the parties thereto, and (ii) CSI, IJssel and Joday ceasing to hold any securities of the Company or the Coop. In addition, certain rights of IJssel terminate upon the earlier of the two year anniversary of the Subordinate Voting Shares being worth the Initial Pref Value per share, and IJssel no longer owning a 5% fully-diluted interest in the Company.

Amendments to the IRGA generally require the consent of all parties thereto other than the Individual Joday Investors. Any amendment to the IRGA so approved shall be binding upon any party thereto (including the Individual Joday Investors) unless such amendment has an adverse effect upon such Individual Joday Investor (and there is not a similar adverse effect upon each of the other parties to the IRGA) in which case the approval of such Individual Joday Investor must be obtained before it is binding upon such Individual Joday Investor.

The IRGA is governed by and will be construed in accordance with the laws of the Netherlands.

Allocation of Acquisition Opportunities

The parties to the IRGA have agreed that CSI will continue to consider possible acquisition opportunities in the ordinary course of its business and may, from time to time, recommend or allocate such acquisition opportunities to the Company. CSI will have discretion to determine the suitability of such opportunities for the Company and to allocate such opportunities among the Company or other operating groups within CSI as it deems appropriate.

The question of whether a particular acquisition opportunity is suitable or appropriate for the Company is highly subjective and will be made at CSI's discretion based on various factors. If CSI determines that an acquisition opportunity is not suitable or appropriate for the Company, it or one of its operating groups may still pursue such opportunity.

Disclosure, Confidentiality and Insider Trading Policy

The Company has established a disclosure, confidentiality and insider trading policy (the "**Policy**"). The Policy includes a "blackout" period that prevents trading in the Company's securities from the period beginning on the 15th day of the last month of each fiscal quarter and ending on the third business day following the release of the Company's quarterly financial results. The Policy restricts the purchase, sale, or other monetization of securities of the Company during blackout periods or when such persons have material undisclosed information.

PRE-CLOSING REORGANIZATION

Prior to the closing of the Spin-Out, the Company and certain other subsidiaries of CSI will enter into a series of transactions (the "**Pre-Closing Reorganization**"), which includes the following steps:

(1) the Company will reorganize its share capital to create the Super Voting Share, the Subordinate Voting Shares and the Preferred Shares, and will reclassify the common share that was issued to CSI in connection with the incorporation of the Company as the Super Voting Share;

(2) the Coop will change its name from Constellation Netherlands Holding Coöperatief U.A. to Topicus.com Coöperatief U.A;

(3) the Coop will reorganize its articles of association to create the Ordinary Units and the Preference Units, and the existing ownership interests in the Coop held by CSI and the Joday Group will be exchanged for 59,078,027 Ordinary Units and 59,078,027 Preference Units;

(4) the Company will issue the Spin-Out Shares and 39,412,385 Preferred Shares to CSI in exchange (indirectly) for its Ordinary Units and Preference Units; and

(5) the Company will amalgamate with a wholly-owned subsidiary corporation formed under the *Business Corporations Act* (Ontario) for the sole purpose of the Pre-Closing Reorganization.

In addition, as part of the Pre-Closing Reorganization, Total Specific Solutions (TSS) B.V., a subsidiary of the Coop, will declare and pay a dividend in the aggregate amount of €54,600,000 to its holders of ordinary membership interests at such time, being CSI (€36,424,985) and the Joday Group (€18,175,015) (the "**Pre-Acquisition Dividend**"). The Pre-Acquisition Dividend will be funded through the Credit Facility.

THE SPIN-OUT

Rationale for the Spin-Out

Ultimately, CSI believes that the Company will grow faster, and perform better, as an independent public company than it would within the CSI group of companies. Although the Company will operate on a standalone basis, it will continue to benefit from the application of CSI best practices.

Mechanics of the Dividend and Retained Interest of CSI

Pursuant to the Pre-Closing Reorganization, the Company will issue the Spin-Out Shares and the Preferred Shares to CSI in exchange (indirectly) for the Ordinary Units and Preference Units held by CSI at that time. To complete the Spin-Out, CSI will distribute, as a special dividend, all of the Subordinate Voting Shares (subject to rounding down to eliminate fractional shares) to CSI Shareholders as of the Record Date at a ratio of 1.859817814 Spin-Out Shares for every one CSI Common Share. Fractional shares will not be issued. The number of Spin-Out Shares to be distributed to a CSI Shareholder will be rounded down to the nearest whole number of Spin-Out Shares. See *"Pre-Closing Reorganization*".

The Spin-Out Shares will constitute a dividend for Canadian federal income tax purposes equal to the fair market value at the time of the Spin-Out of the Spin-Out Shares so distributed. CSI will own Preferred Shares of the Company that will have a cumulative dividend entitlement of 5% and a redemption amount equal to the fair market value of the Company at the time of the Dividend. CSI will have the right to cause the redemption of those Preferred Shares at the redemption amount at any time, subject to certain conditions. As a result, the Spin-Out Shares are expected to have a nominal fair market value at the time of the Dividend. See "*Certain Canadian Federal Income Tax Considerations*" for a more detailed discussion.

Registration

Direct Registration System

The Company has elected to use the Direct Registration System ("**DRS**") instead of sending out traditional paper certificates. DRS is a way of recording security ownership without the need to issue a physical paper stock certificate. Securities held in DRS have all of the traditional rights and privileges as securities held in certificate form. The Spin-Out Shares will be issued in book-entry form to (i) each CSI Shareholder in book-entry form as of the Record Date, and (ii) each holder who holds CSI Common Shares in definitive certificate form as of the Record Date, and in each case, the Spin-Out Shares will be reflected in a DRS advice which will be sent to the registered holder by mail, and which will confirm the number of Spin-Out Shares the registered holder holds in book-entry form.

CDS Clearing and Depositary Services Inc.

In many cases, the CSI Common Shares are beneficially owned by a holder in the name of a clearing agency such as CDS Clearing and Depositary Services Inc. ("**CDS**") of which an intermediary (such as a bank, trust company, securities dealer or broker) is a Participant. The Spin-Out Shares to be issued to CDS will be issued to CDS in electronic form.

Beneficial interests in the Spin-Out Shares, constituting ownership thereof by such beneficial holders, may be represented through accounts of institutions acting on behalf of beneficial owners, as direct and indirect Participants of CDS. Each holder of Spin-Out Shares issued to a Participant is expected to receive a customer confirmation from their respective Participant in accordance with the practices and procedures of the Participants.

Transfers of beneficial ownership in Spin-Out Shares will be effected through records maintained by CDS for such Spin-Out Shares (with respect to interests of Participants) and on the records of Participants (with respect to interests of persons other than Participants). Unless Definitive Certificates are prepared and delivered, beneficial owners who are not Participants in CDS's system, but who desire to purchase, sell or otherwise transfer ownership of an interest represented in DRS, may do so only through Participants in CDS's system.

The Company does not and will not have any liability for (i) the records maintained by CDS relating to beneficial interests or the book-entry accounts maintained by CDS, (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests, or (iii) any advice or representation made or given by CDS or made or given herein with respect to the rules and regulations of CDS or any action to be taken by CDS or at the direction of its Participants.

Definitive Certificates

The ability of a registered or beneficial owner of an interest in the Spin-Out Shares to take certain actions with respect to the Spin-Out Shares may be limited due to the lack of a physical certificate. If a registered or beneficial owner of an interest in the Spin-Out Shares wishes to receive a physical certificate, they should contact the Company's transfer agent and registrar for the Spin-Out Shares: Computershare Investor Services Inc. at its principal transfer office in Toronto, Ontario.

Registered holders of physical certificate may transfer such Spin-Out Shares upon the payment of taxes or other charges incidental thereto, if any, by executing and delivering a form of transfer together with the Spin-Out Shares to the registrar (or such other person as may be designated by the Company) for the Company at its principal office in the City of Toronto, or such other city or cities as may from time to time be designated by the Company, whereupon new Spin-Out Shares will be issued in authorized denominations in the same aggregate amount as the Spin-Out Shares so transferred, registered in the names of the transferees.

Qualification of the Spin-Out Shares

This prospectus qualifies the distribution of the Spin-Out Shares forming the Dividend. The Spin-Out Shares to be distributed under this Canadian prospectus may not be offered or sold in the United States by holders thereof unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

ACQUISITION OF THE TARGET

Overview

On May 20, 2020, the Purchaser entered into an agreement (the "**Acquisition Agreement**") with IJssel and the Coop for the sale to the Purchaser by IJssel of all of the shares of the Target, a Netherlands-based diversified vertical market software provider.

Pursuant to the Acquisition Agreement, the purchase price for the Acquisition is €217,400,000, subject to adjustment. The purchase price was determined using a discounted cashflow methodology. As is the case for most software companies, the future cash flows of the Target are primarily associated with developed intellectual property rather than the company's tangible assets. Immediately prior to the closing of the Acquisition, the Coop will draw down €133,600,000 from the Credit Facility to fund a portion of the purchase price payable by the Purchaser, €60,000,000 of which will be in the form of an intercompany bridge loan made by the Coop to the Purchaser (the "**Intercompany Bridge Loan**"), and €73,600,000 of which will be in the form of a capital contribution from the Coop to the Purchaser. The remainder of the purchase price for the Acquisition will be satisfied by IJssel subscribing for a 9% interest in the Coop for an initial subscription price of €83,800,000 plus an additional subscription amount of €27,589,000 (the "**Additional Subscription Price**"). The Additional Subscription Price will not increase IJssel's ownership interest in the Coop or the Company. The amount of the Additional Subscription Price will be owed by IJssel to the Coop, repayable by IJssel in accordance with the terms of the IRGA. The interest rate on the Intercompany Bridge Loan will be 5% per annum, and the principal and interest must be repaid by the Purchaser to the Coop within twelve months of the closing of the Acquisition. Pursuant to the terms of the Acquisition Agreement, the Intercompany Bridge Loan will be refinanced with third party debt for a period of time following the closing of the Acquisition.

IJssel's 9% interest in the Coop will be represented by interests in the Coop that are exchangeable for Company Shares in accordance with the IRGA and the Exchange Agreement.

The closing of the Acquisition is conditional upon the closing of the Spin-Out. The closing of the Acquisition is expected to occur approximately 1 day following the Spin-Out. The Listing of the Spin-Out Shares is expected to occur approximately 30 days after the closing of the Acquisition.

The Acquisition Agreement includes customary post-closing obligations of IJssel and the Purchaser. These include (a) the obligation of IJssel or the Purchaser, as applicable, to pay the other party if it is determined post-closing that there was an overpayment or underpayment of the purchase price on closing of the Acquisition, (b) the obligation of IJssel or the Purchaser, as applicable, to indemnify the other party in the event of an indemnifiable loss being triggered, and (c) the obligation of certain of the founders of the Target not to engage in competitive activities for a period of three years following closing of the Acquisition.

Services Agreement

In connection with the closing of the Spin-Out, CSI and the Coop will enter into a management and consulting services agreement (the "**Services Agreement**"). Pursuant to the Services Agreement, the Coop will pay to CSI a monthly fee. In exchange for such fee, CSI will provide business, financial advisory, treasury, senior management advisory, legal, tax and information technology services, including advice relating to employees, business acquisitions and initiatives, introductions to potential strategic partners, and such other services as may be agreed by the parties.

CONSOLIDATED CAPITALIZATION

The following table sets forth our capitalization as at September 30, 2020, and on a pro forma basis assuming the completion of the Spin-Out and the Acquisition.

Designation	**As at September 30, 2020**	**As at September 30, 2020, assuming completion of the Spin-Out and the Acquisition**
Current Liabilities:		
Revolving Credit Facility	-	€188 million(1)
Preferred Share Liability	-	€1,237 million(2)
Shareholders' Equity:		
Share Capital	€59 million	(€1,067 million)(3)
Retained Earnings	€194.9 million	€140.3 million(4)

(1) Reflects the expected increase to the Credit Facility resulting from (i) the Pre-Acquisition Dividend to be paid in conjunction with the Pre-Closing Reorganization and (ii) the Acquisition.
(2) Reflects the fair value of the Preferred Shares and Preference Units to be issued in conjunction with the Pre-Closing Reorganization and the Acquisition.
(3) Reflects the expected decrease in share capital resulting from the issuance of Preferred Shares and Preference Units to CSI and the Joday Group, respectively, in conjunction with the Pre-Closing Reorganization.
(4) Reflects the expected reduction to retained earnings resulting from the Pre-Acquisition Dividend to be paid in conjunction with the Pre-Closing Reorganization.

OPTIONS TO PURCHASE SECURITIES

None of the executive officers or directors of the Company or any of its subsidiaries have options to purchase any securities of the Company or any of the securities of any of its subsidiaries. Certain of the executive officers or directors of the Company or its subsidiaries own Exchangeable Units, which are exchangeable for Subordinate Voting Shares. See "*Description of Capital Structure – Exchangeable Units*".

PRIOR SALES

No Subordinate Voting Shares or securities convertible into or exchangeable for Subordinate Voting Shares have been issued during the twelve month period prior to the date of this prospectus. The following table sets forth the details regarding the Subordinate Voting Shares, or securities convertible into or exchangeable for Subordinate Voting Shares, to be issued in connection with the Pre-Closing Reorganization and the Acquisition:

Security Issued	Number of Securities Issued
Subordinate Voting Shares(1)	39,412,385
Super Voting Share(2)	1
Preferred Shares(3)	39,412,385
Exchangeable Units(4)	51,017,048

(1) Reflects the Subordinate Voting Shares issued to CSI in connection with the Pre-Closing Reorganization.
(2) Reflects the Super Voting Share issued to CSI in connection with the Pre-Closing Reorganization.
(3) Reflects the Preferred Shares issued to CSI in connection with the Pre-Closing Reorganization.
(4) Reflects the Exchangeable Units which are, directly or indirectly, exchangeable for Subordinate Voting Shares issued to IJssel and the Joday Group in connection with the Pre-Closing Reorganization and the Acquisition.

ESCROWED SECURITIES(1)

Designation of Class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class
Subordinate Voting Shares(2)	21	0.0001%
Super Voting Share(3)	1	100%
Preferred Shares(4)	39,412,385	100%
Exchangeable Units	36,958,920	72%

(1) In accordance with National Policy 46-201 – *Escrow for Initial Public Offerings* ("**NP 46-201**"), all Subordinate Voting Shares and securities convertible or exchangeable into Subordinate Voting Shares, which are owned or controlled by principals will be escrowed at the time of the Company's initial public offering. In accordance with applicable securities legislation, each of CSI and Joday, as principals, will enter an escrow agreement substantially in the form of Form 46-201F1 – *Escrow Agreement* in respect of its escrowed securities and such escrowed securities will be released according to the following schedule: (i) on Listing 1/4 of the escrowed securities will be released, (ii) six months after Listing 1/3 of the remaining escrowed securities will be released, (iii) 12 months after Listing 1/2 of the remaining escrowed securities will be released, and (iv) 18 months after Listing the remaining escrowed securities will be released.
(2) CSI will be the holder of approximately 21 Subordinate Voting Shares.
(3) CSI is the holder of all of the Super Voting Shares, being a single Super Voting Share. If the Super Voting Share is transferred by CSI (other than to a wholly-owned subsidiary of CSI), CSI will be automatically deemed to have converted such Super Voting Share into a Subordinate Voting Share.
(4) CSI is the holder of all of the Preferred Shares.

PRINCIPAL AND SELLING SHAREHOLDERS

Constellation Software Inc. will be issued 39,412,385 Subordinate Voting Shares (being 100% of the Subordinate Voting Shares issued and outstanding at such time) in connection with the Pre-Closing Reorganization, which will be distributed to the CSI Shareholders (subject to rounding down to eliminate fractional shares) on a pro-rata basis by way of the Dividend prior to the closing of the Acquisition. See "*Prior Sales*".

The following table shows the name and information about our securities directly or indirectly beneficially owned by each person or company who, immediately following the closing of the Acquisition, will own of record, or who, to our knowledge, will own beneficially, directly or indirectly, more than 10% of any class or series of our voting securities.

Name(1)	Number and Class of Shares Owned	Type of Ownership	Percentage of Class of Shares Owned	Percentage of Total Voting Rights
Constellation Software Inc.(2) (3)	1 Super Voting Share	Registered and Beneficial	100	50.1(4)

(1) Following the conversion of all of the Preference Units and the exchange of all of the Exchangeable Units that are held by Joday to Subordinate Voting Shares, Joday will hold 36,958,920 Subordinate Voting Shares, representing 28.5% of the Subordinate Voting Shares and 14.2% of the total voting rights on a fully-diluted basis. Joday is controlled by Tjitske Strikwerda and Robin van Poelje (address c/o Constellation Software Inc. at 20 Adelaide Street East, Suite 1200, Toronto, Ontario, M5C 2T6).
(2) Constellation Software Inc. is a TSX-listed corporation located at 20 Adelaide Street East, Suite 1200, Toronto, Ontario, M5C 2T6.
(3) Following the conversion of all of the Preferred Shares that are held by Constellation Software Inc. into Subordinate Voting Shares, Constellation Software Inc. will hold 39,412,406 Subordinate Voting Shares, representing 30.35% of the Subordinate Voting Shares on a fully-diluted basis.
(4) Following the conversion of all of the Preferred Shares that are held by Constellation Software Inc. into Subordinate Voting Shares, Constellation Software Inc. will hold 65.25% of the total voting rights on a fully-diluted basis.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets out, for each of our directors and executive officers, the person's name, municipality of residence, position(s) with the Company, principal occupation and, if a director, the year in which the person became a director. Our directors are elected annually and, unless re-elected, retire from office at the end of the next annual general meeting of shareholders. Following the completion of the Spin-Out, our directors and executive officers (as a group) are expected to own, or exert direction or control over, a total of 1,297,846 Subordinate Voting Shares, representing 1.00% of our total outstanding Subordinate Voting Shares on a fully-diluted basis.

Name and Place of Residence	Position(s) with Topicus.com Inc.	Principal Occupation	Director Since	Subordinate Voting Shares Beneficially Held or Over Which Control is Exercised
MARK LEONARD(1) TORONTO, ONTARIO CANADA	Director	President, Constellation Software Inc.	2020	804,914 (0.62%)
BERNARD ANZAROUTH MONTREAL, QUEBEC CANADA	Director	Chief Investment Officer, Constellation Software Inc.	2020	275,150 (0.21%)
STEPHEN SCOTCHMER(1) (2) OAKVILLE, ONTARIO, CANADA	Director	Private Investor	2020	133,555 (0.10%)
JAMAL BAKSH(2) TORONTO, ONTARIO, CANADA	Director and Chief Financial Officer	Chief Financial Officer, Constellation Software Inc.	2020	4,510 (0.00%)
DONNA PARR(1) (2) TORONTO, ONTARIO, CANADA	Director	President, Crimson Capital (a portfolio manager)	2020	0 (0.00%)
JOHN BILLOWITS TORONTO, ONTARIO, CANADA	Director	Director of Constellation Software Inc.	2020	70,939 (0.05%)
ROBIN VAN POELJE BLARICUM, THE NETHERLANDS	Director, Chairman of the Board and Interim Chief Executive Officer(4)	Chairman of the Board, Topicus.com Inc.	2020	5,847 (0.00%)(5)
DAAN DIJKHUIZEN(3) ZAANDAM, THE NETHERLANDS	Director and Chief Executive Officer	Chief Executive Officer, Topicus.com Inc.	N/A	0 (0.00%)
HAN KNOOREN NIEUWKOOP, THE NETHERLANDS	Director	Group Chief Executive Officer, Total Specific Solutions	2020	2,931 (0.00%)
PAUL NOORDEMAN(3) LEERSUM, THE NETHERLANDS	Director, Operational CFO of the Target operating group	Chief Financial Officer, Target	N/A	0 (0.00%)
				1,297,846 (1.00%)

(1) Member of the CNHR Committee.
(2) Member of Audit Committee.
(3) These directors will join the Company's board of directors immediately following the closing of the Acquisition. Daan Dijkhuizen will be appointed the Chief Executive Officer following the closing of the Acquisition.

(4) Robin van Poelje will act as Interim Chief Executive Officer until the closing of the Acquisition.
(5) Following the exchange of all of the Exchangeable Units that are held by Joday Investments II B.V. to Subordinate Voting Shares, Joday Investments II B.V. will hold 36,958,920 Subordinate Voting Shares, representing 28.5% of the Subordinate Voting Shares on a fully-diluted basis. Joday Investments II B.V. is controlled by Tjitske Strikwerda and Robin van Poelje.

Biographies

The following are brief profiles of our executive officers and directors, including a description of each individual's principal occupation within the past five years.

Mark Leonard – Director

Mr. Leonard founded CSI in 1995 and is currently the President of CSI. Prior to founding CSI, Mr. Leonard worked in the venture capital business for eleven years. Mr. Leonard holds a BSc. from the University of Guelph, and a MBA from the University of Western Ontario.

Bernard Anzarouth – Director

Mr. Anzarouth joined CSI in 1995 and is currently the Chief Investment Officer of CSI. Before joining CSI, Mr. Anzarouth was AVP Business Development for Ascom Inc., a Swiss-based technology corporation from 1993 to 1994. Prior to that Mr. Anzarouth held various positions with IBM. Mr. Anzarouth holds a B.Eng. in Electrical/Computer Engineering from McGill University and an MBA from the European Institute of Business Administration (INSEAD).

Stephen Scotchmer – Director

Mr. Scotchmer has been a member of the Board of CSI since 2000. He is currently a director of Manitou Investment Management Ltd., which he co-founded in 1999. From 1982 until 1987, he served as President of Bay Mills Ltd., a TSX listed company in the business of manufacturing engineered materials. Mr. Scotchmer is an engineering graduate of Queen's University.

Jamal Baksh – Director and Chief Financial Officer

Mr. Baksh has been with CSI since 2003 when he joined as Controller of the Jonas Operating Group. Mr. Baksh is currently the Chief Financial Officer of CSI. Prior to assuming this role, he has served in a number of senior executive roles within Jonas and CSI including Vice President of Finance for CSI reporting to the Chief Financial Officer. Mr. Baksh is a Certified Management Accountant and holds an Honours Bachelor of Mathematics degree from the University of Waterloo.

Donna Parr – Director

Ms. Parr has significant experience in venture and private equity investing and corporate finance working for Canadian Medical Discoveries Fund, Ontario Municipal Employees Retirement System, Canada Pension Plan, and several other institutional investors. Ms. Parr has served on 35 boards of private companies primarily on behalf of institutional investors and several as an Independent Corporate Director, including a term as a director of CSI from 1995 to 2003. Ms. Parr is currently the President of Crimson Capital, a Director of the Centurion Financial Trust and a Director of CSI. Ms. Parr holds an MBA from York University and Masters and Honours degrees from the University of Toronto in International Relations.

John Billowits – Director

Mr. Billowits joined CSI in 2003 as the Chief Financial Officer of the Jonas Operating Group of CSI. Mr. Billowits was the Chief Executive Officer of the Vela Operating Group of CSI until August 2020 and is currently a director of CSI. Prior to assuming this role, he held numerous positions within CSI, including Chief Financial Officer of CSI and President of Jonas' Club Division. Prior to joining CSI, Mr. Billowits held a number of roles with Bain & Company, Dell Computers and PwC. Mr. Billowits is a Chartered Professional Accountant, holds an MBA with Distinction from the London Business School and Honours BBA with Distinction from Wilfrid Laurier University.

Robin van Poelje – Director and Chairman of the Board

Mr. van Poelje is the founder of Total Specific Solutions and has been with CSI since January 2014 when CSI acquired Total Specific Solutions. From January 2010 to now, Mr. van Poelje has been the Chief Executive Officer of TSS, based in the Netherlands. Mr. van Poelje holds a MSc. in Economics from the University of Groningen, the Netherlands and is a post graduate in Marketing and Strategy from École Supérieure de Commerce de Montpellier, France.

Daan Dijkhuizen – Director and Chief Executive Officer

Mr. Dijkhuizen has been with the Target since 2013. Prior to joining the Target, Mr. Dijkhuizen was a technology executive at ING Group, a multinational banking and financial services corporation. Since December 2017 he acted as Chief Executive Officer of Topicus.com B.V. Mr. Dijkhuizen holds a MSc. in Industrial Engineering & Management from the University of Twente, the Netherlands.

Han Knooren – Director

Mr. Knooren joined CSI in 2011 and currently holds the position of Group Chief Executive Officer of the Total Specific Solutions operating group. Mr. Knooren graduated with honors as an information technology engineer, studied Business Administration at the Nyenrode Business University and followed the Advanced Management Program at INSEAD. He worked in various multinationals, private equity owned and start-up Vertical Market Software companies and was employed in the UK, France, the USA and the Netherlands.

Paul Noordeman – Director and Operational CFO

Mr. Noordeman has been with the Target as CFO since December 2017, prior to which, Mr. Noordeman was a financial interim manager for 18 years at NorthHill Beheer B.V. and has held various roles, most of the times as an interim CFO. Mr. Noordeman’s roots are in accountancy (PwC) and he graduated as Certified Public Accountant at the Erasmus University Rotterdam, the Netherlands.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

None of the Company’s directors or executive officers are, as at the date of this prospectus, or have been within ten years before the date of this prospectus, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or
- was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of this section, “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days.

None of the Company’s directors, executive officers or shareholders holding a sufficient number of the Company’s securities to materially affect the control of the Company:

- is, as at the date of this prospectus, or has been within the ten years before the date of this prospectus, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets,
- has, within the ten years before the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder,
- has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or

- has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Committees of the Board of Directors

The Company's board of directors has an audit committee and a compensation, nominating and human resources committee.

Audit Committee

The Audit Committee assists the Company's board of directors in fulfilling its responsibilities for oversight and supervision of financial and accounting matters. The committee supervises the adequacy of internal accounting controls and financial reporting practices and procedures and the quality and integrity of audited and unaudited financial statements, including through discussions with external auditors. The committee reviews business plans and operating and capital budgets. The committee is responsible for ensuring efficient and effective assessment of management of risk throughout our organization. The Audit Committee will comply with all requirements under applicable securities legislation and the TSXV.

Audit Committee Charter

Our Audit Committee operates under a written charter that sets out its responsibilities and composition requirements. A copy of this charter is attached as Appendix "A" to this prospectus.

Relevant Education and Experience

The majority of the members of the Audit Committee meet the independence criteria set out in Multilateral Instrument 52-110 – *Audit Committees* ("**MI 52-110**"). The following sets out the relevant education and experience of each director relevant to the performance of his or her duties as a member of the Audit Committee:

Mr. Scotchmer has been a member of the Board of CSI since 2000. He is currently a director of Manitou Investment Management Ltd., which he co-founded in 1999. From 1982 until 1987, he served as President of Bay Mills Ltd., a TSX listed company in the business of manufacturing engineered materials. Mr. Scotchmer is an engineering graduate of Queen's University.

Mr. Baksh has been with CSI since 2003 when he joined as Controller of the Jonas Operating Group. Mr. Baksh is currently the Chief Financial Officer of CSI. Prior to assuming this role, he has served in a number of senior executive roles within Jonas and CSI including Vice President of Finance for CSI reporting to the Chief Financial Officer. Mr. Baksh is a Certified Management Accountant and holds an Honours Bachelor of Mathematics degree from the University of Waterloo.

Ms. Parr has significant experience in venture and private equity investing and corporate finance working for Canadian Medical Discoveries Fund, Ontario Municipal Employees Retirement System, Canada Pension Plan, and several other institutional investors. Ms. Parr has served on 35 boards of private companies primarily on behalf of institutional investors and several as an Independent Corporate Director, including a term as a director of CSI from 1995 to 2003. Ms. Parr is currently the President of Crimson Capital, a Director of the Centurion Financial Trust and a Director of CSI. Ms. Parr holds an MBA from York University and Masters and Honours degrees from the University of Toronto in International Relations.

Based on the above information provided by each director, all members of the Audit Committee are "financially literate" as that term is defined in MI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee reviews and approves all audit and non-audit services performed by our auditors in advance of services being performed.

Compensation, Nominating and Human Resources Committee

The compensation, nominating and human resources committee ensures that we have a high caliber executive management team in place and a total compensation plan that is competitive, motivating and rewarding for participants. The committee also advises the

Company's board of directors in filling vacancies on the board. The committee reviews and makes recommendations to the Company's board of directors regarding the appointment of executive officers, and the establishment of, and any material changes to, executive compensation programs, including that of the Chief Executive Officer. This committee also reviews management succession plans and is responsible for overseeing employee compensation.

Corporate Governance

The Company's board of directors is responsible for developing our approach to corporate governance issues. It periodically reviews the size, composition and compensation of the Company's board of directors, the effectiveness of the board and its individual members, and appropriate committee structures, mandates, composition, membership and effectiveness. To the extent a conflict of interest arises from time to time, a director is required to excuse himself from the applicable portion of any meeting at which such matter is to be discussed or decided.

In accordance with National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, the Company is required to disclose its approach to corporate governance. The Company's approach to significant issues of corporate governance is designed to ensure that the business and affairs of the Company are effectively managed to enhance shareholder value. The Company's corporate governance practices have been and continue to be in compliance with applicable Canadian requirements. The Company's board of directors has approved the description of the Company's approach to corporate governance as outlined in Appendix "B" to this prospectus. Corporate governance guidelines change from time to time. The Company's board of directors monitors pending regulatory initiatives and developments in the corporate governance area and will address them as appropriate.

EXECUTIVE COMPENSATION

Named Executive Officers

Our named executive officers for purposes of Canadian securities law are, or will be following the closing of the Acquisition, Daan Dijkhuizen, Chief Executive Officer, Jamal Baksh, Chief Financial Officer and Robin van Poelje, Chairman of the Company's board of directors (collectively, the "**Named Executive Officers**").

Following the closing of the Acquisition, Daan Dijkhuizen will become Chief Executive Officer of the Company and Robin van Poelje will become Chairman of the Board of the Company and will receive compensation from the Company on a go forward basis. Jamal Baksh is not expected to receive compensation in connection with any services that he renders to the Company. Instead, Jamal Baksh will continue to be compensated directly by CSI in his role as Chief Financial Officer of CSI. Pursuant to Mr. Baksh's employment agreement with CSI, his current base salary is $294,693 per annum. Mr. Baksh is also expected to be paid an annual bonus in accordance with CSI's corporate bonus plan. For additional information regarding CSI and the Company, see "*Acquisition of the Target – Services Agreement*".

Compensation Discussion and Analysis

Objectives of the Company's Executive Compensation Program

The primary objective of the Company's executive compensation program will be to attract and retain highly skilled executives required for the success of the Company and to reward and retain executives who create long-term value for Company Shareholders. The Compensation, Nominating and Human Resources Committee (the "**CNHR Committee**") will be responsible for making recommendations to the board of directors of the Company with respect to the establishment of a compensation plan for the Company's executive officers, including the Name Executive Officers.

The Company's executive compensation program is expected to consist of a base salary and annual incentive compensation. The annual incentive compensation is expected to be paid by way of a cash bonus, although a portion of the bonus is excepted to be used to purchase Subordinate Voting Shares.

Total compensation for each executive officer will be designed to be competitive. The CNHR Committee will periodically review and compare both base salary and total compensation against compensation data of Canadian, U.S. and European public companies with annual revenues, types of business and market capitalizations similar to ours.

Base Salary

Providing a market competitive base salary is necessary to attract new talent as required, and it assists in retaining skilled executive talent. Base salaries for our executive officers are expected to be set by the CNHR Committee taking into account the executive's responsibilities and skills. All executive salaries are expected to be reviewed annually by the CNHR Committee on the basis of the above criteria and adjusted accordingly.

Annual Incentive Bonus

Our senior executives and a majority of our leadership team are expected to be paid an annual bonus based on the profitability and growth of the VMS business in which they will be employed pursuant to our bonus plan (the "**Bonus Plan**"). We will measure profitability for the purpose of our Bonus Plan by netting a "risk free" rate of return to be established by the Company's board of directors (currently anticipated to by 5%) from the return on invested capital ("**ROIC**") generated by the VMS business. If the ROIC does not exceed the risk free rate of return, then the managers of the VMS business are expected to receive no bonus. We measure growth by looking at the year-over-year increase in net revenues for the particular VMS business (which we expect to calculate by subtracting all third party cost of goods sold and flow-through expenses from gross revenues for the applicable VMS business). We will calculate ROIC by dividing net income for bonus purposes for the year by the average invested capital for that period. Neither net income for bonus purposes nor invested capital are IFRS measurements. These amounts will be determined by the CNHR Committee of the Company's board of directors with reference to our audited financial results.

Managers and employees will be encouraged to invest a significant portion of their after-tax bonus in Subordinate Voting Shares. All Subordinate Voting Shares purchased under this program will be locked-up for a three to five year period, after which the employees will be free to either hold them or sell them. The portion of the after-tax bonus to be invested in Subordinate Voting Shares by our employees will be forwarded to a third party trustee engaged by us to purchase Subordinate Voting Shares in the open market under the terms of the Bonus Plan. The trustee will then hold the Subordinate Voting Shares so purchased in accordance with the lock-up provisions described above.

The Bonus Plan is expected to constitute the majority of the incentive compensation paid to our senior executives and leadership team. We believe the Bonus Plan aligns the long-term interests of employees and shareholders better than an employee stock option plan. Further, we believe that our Bonus Plan can be more accurately reflected in our annual expenses as opposed to the estimates typically involved in expensing employee stock options. As a result, we do not currently have an employee stock option program nor do we currently expect to implement one in the near future.

Employment Agreements

Mr. van Poelje and Mr. Dijkhuizen each has an employment contract with the Company or one of its subsidiaries, which provides for, among other things, certain covenants in favour of the Company. Mr. Baksh has an employment agreement with CSI, and not with the Company nor any of its subsidiaries.

Mr. van Poelje and Mr. Baksh's employment agreements provide that each of them will not, during the period of his employment or for a period of at least eighteen months thereafter, in the case of Mr. van Poelje, and, in the case of Mr. Baksh, a period of at least twelve months thereafter, be involved in any business that develops or markets competitive software or consulting, maintenance, support or training services in any jurisdiction where the Company markets its products or services, in the case of Mr. van Poelje, and, in the case of Mr. Baksh, where CSI markets its products or services. Mr. van Poelje's employment agreement also provides he will not, without the prior written approval of the board of directors of his employer, employ any employee of the Company for a period of at least eighteen months after the termination of his employment. Mr. Baksh's employment agreement also provides he will not, without the prior written approval of the board of directors of his employer, employ any employee or consultant of CSI for a period of at least twelve months after the termination of his employment.

Mr. van Poelje, Mr. Dijkhuizen and Mr. Baksh's employment agreements provide that each of them will not, during the period of his employment or for a period of at least eighteen months thereafter, in the case of Mr. van Poelje and Mr. Dijkhuizen, and, in the case of Mr. Baksh, a period of at least twelve months thereafter, contract or solicit any clients (including persons who were a client within the eighteen months prior to his termination, in the case of Mr. van Poelje and Mr. Dijkhuizen, and, in the case of Mr. Baksh, including persons who were a client within the six months prior to his termination) for the purposes of the selling or supplying of software products or services competitive to those offered by the Company, in the case of Mr. van Poelje and Mr. Dijkhuizen, and, in the case of Mr. Baksh, by CSI.

Mr. van Poelje is entitled to two months' prior notice, and Mr. Dijkhuizen is entitled to four months' prior notice, in each case, in the event of termination of his employment for any reason. Neither Mr. van Poelje nor Mr. Dijkhuizen is entitled to any termination payment under his employment agreement, except in the case of wrongful termination (which means termination without proper cause), in which case, any termination payment would be determined by the Dutch Courts. Mr. Baksh is not entitled to any termination payments or prior notice pursuant to the terms of his employment agreement.

Compensation of Directors

Following the closing of the Spin-Out, our directors who are not also officers of the Company or CSI (being Mr. Scotchmer, Ms. Parr and Mr. Billowits) will be entitled to receive C$60,000 per annum, plus C$20,000 per annum for each committee of the Company's board of directors on which such director serves. The fees are expected to be paid in cash; however, the after-tax portion of such fees must be used by these directors to purchase Subordinate Voting Shares on the open market. The Subordinate Voting Shares will be required to be held in escrow for a minimum average period of four years. All directors will also be reimbursed for all out-of-pocket expenses incurred in their capacities as directors of the Company.

Directors' and Officers' Liability Insurance

CSI maintains directors and officers liability insurance coverage with a C$10 million per occurrence limit and a C$10 million annual limit in aggregate. Coverage includes errors, omissions or breach of fiduciary duty by the directors and officers during the discharge of their legal duties. The Company's directors and officers are covered under CSI's policy.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the date of this prospectus, no current or former directors or executive officers of the Company, or any of its subsidiaries, has any indebtedness to the Company or any of its subsidiaries. As of the date of this prospectus, total indebtedness of employees of the Company is €100,000.

Following the completion of the Acquisition, IJssel will be indebted to the Coop for a portion of the Additional Subscription Price. See "*Acquisition of the Target*".

PLAN OF DISTRIBUTION

This prospectus is being filed in each of the provinces and territories of Canada to qualify the distribution of the Spin-Out Shares forming the Dividend. See "*The Spin-Out*" for details of the distribution.

This prospectus also qualifies the grant by the Company of the Exchangeable Unit Provisions in respect of the Exchangeable Units.

Qualification, Listing and Trading of Shares

This prospectus qualifies the distribution of the Dividend under applicable Canadian securities laws in each of the provinces of and territories of Canada. As at the date of this prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America.

The TSXV has conditionally approved the Listing, subject to the Company fulfilling all of the listing requirements of the TSXV prior to January 27, 2021. The Listing is expected to occur approximately 30 days after the effective time of the Acquisition.

RISK FACTORS

The Company's business is subject to a number of risk factors, including those risk factors set forth below. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also impair our business and operations and cause the price of our securities to decline.

Risks Related to the Company and the Industry

We cannot assure you that we will sustain profitability in the future. If we do not maintain profits our share price may decline.

As we continue to grow our business, our operating expenses and capital expenditures may increase, and as a result, we will need to generate additional revenue to maintain profitability. If our revenues decline, we may not be able to sustain profitability because many of our expenses are fixed in the short term and cannot be easily or quickly reduced. A failure to maintain profitability could materially and adversely affect our business.

We periodically review the estimated value of acquired intangibles and goodwill to determine whether any impairment exists and we could write-down a portion of our intangible assets and goodwill as part of any such future review, which occurs when impairment indicators exist or, in the case of goodwill, at least once annually. We occasionally review opportunities to reorganize operations and may record restructuring charges in connection with any such reorganization. Any write-down of intangible assets or goodwill or restructuring charges in the future could affect our results of operations materially and adversely and as a result our share price may decline.

Our quarterly revenues and operating results may fluctuate.

Factors which may cause our revenues and operating results to fluctuate include:

- the demand for our software products and the market conditions for technology spending;
- patterns of capital spending and changes in budgeting cycles by our customers;
- the timing of acquisitions and related costs;
- our ability to acquire or develop (independently or through strategic relationships with third parties), to introduce and to market new and enhanced versions of our software products on a timely basis;
- the number, timing and significance of new software product announcements and releases by us or our competitors;
- the level of software product and price competition;
- the geographical mix of our sales, together with fluctuations in foreign currency exchange rates;
- market acceptance of new and enhanced versions of our software products;
- changes in personnel and related costs;
- the amount and timing of operating costs and capital expenditures relating to the expansion of our business;
- changes in the pricing and the mix of software solutions that we sell and that our customers demand;
- seasonal variations in our sales cycles; and
- order cancellations and shipment delays.

In addition, we expect that a substantial portion of our revenue will continue to be derived from renewals of maintenance arrangements with our customers. These maintenance arrangements typically last from three months to 12 months, and the timing of cash collections of related revenues varies from quarter to quarter.

In addition, our new license revenue may fluctuate significantly on a quarterly and annual basis in the future, as a result of a number of factors, many of which are outside of our control. The sale of a new license generally requires a customer to make a purchase decision that involves a significant commitment of capital.

We may be unable to identify and complete suitable acquisitions in new vertical markets and in our existing vertical markets.

We cannot be certain that we will be able to identify suitable new acquisition candidates that are available for purchase at reasonable prices. Even if we are able to identify such candidates, we may be unable to consummate an acquisition on suitable terms. When evaluating an acquisition opportunity, we cannot assure you that we will correctly identify the risks and costs inherent in the business that we are acquiring. If we were to proceed with one or more significant future acquisitions in which the consideration consisted of cash, a substantial portion of our available cash resources may be used or we may have to seek additional financing to complete such acquisitions.

Any failure to manage our growth through acquisitions effectively or manage other businesses we acquire may lead to a disruption in our operations and adversely affect our operating results.

Since our inception we have made numerous acquisitions and we plan to continue to make acquisitions in the future. Growth and expansion resulting from future acquisitions may place a significant demand on our management resources. Recently completed acquisitions and any future acquisitions involve a number of special risks, including the following:

- failure to integrate successfully the information systems of the acquired business;
- failure to maximize any anticipated financial and strategic benefits of the transaction;
- possible impairment of relationships with employees and customers as a result of the acquisition of new businesses;
- possible losses from liabilities assumed in customer contracts; and
- impairment of goodwill.

Future acquisitions are accompanied by the risk that the obligations and liabilities of an acquired company may not be adequately reflected in the historical financial statements of such company and the risk that such historical financial statements may be based on assumptions, which are incorrect or inconsistent with our assumptions or approach to accounting policies. We may not be able to manage such expansion effectively and any failure to do so could lead to a disruption in our business, a loss of customers and revenue, and increased expenses.

The Company is and will remain a holding company and its material assets consist solely of interests in the Company's operating subsidiaries.

The Company has no independent means of generating revenue. The Company depends on distributions and other payments from its operating businesses to provide it with the funds necessary to meet its financial obligations. The Company's operating businesses are legally distinct from it and some of them are or may become restricted in their ability to pay dividends and distributions or otherwise make funds available to it pursuant to local law, regulatory requirements and their contractual agreements.

We may acquire contingent liabilities through acquisitions that could adversely affect our operating results.

We may acquire contingent liabilities in connection with acquisitions we have completed, which may be material. Although management uses its best efforts to estimate the risks associated with these contingent liabilities and the likelihood that they will materialize, their estimates could differ materially from the liabilities actually incurred.

Demand for our software solutions may fluctuate with market conditions which may reduce our profitability in the future.

We depend upon the capital spending and information technology budgets of our customers. World and regional economic conditions have, in the past, adversely affected our licensing and support revenue. If economic or other conditions reduce our customers' capital spending levels, our business, results of operations and financial condition may be adversely affected. In addition, the purchase and implementation of our software solutions can constitute a major portion of our customers' overall IT budget, and the amount customers are willing to invest in acquiring and implementing such software solutions has tended to vary in response to economic, financial or other business conditions. Challenging economic conditions may also impair the ability of our customers to pay for software solutions they have purchased. As a result, reserves for doubtful accounts may increase.

If our customers demand performance guarantees, the costs and risks associated with offering our software solutions may increase.

We and our competitors are sometimes requested to provide specific performance guarantees with respect to the functionality of certain aspects of our software solutions. Similarly, we have been requested to quote fixed-price bids for our software solutions. These requests present risks, because implementations of our software solutions are rarely identical, and therefore we cannot accurately predict precisely what will be required to meet these performance standards. If these guarantees and fixed price bids become more common, our profitability may be affected.

We face competition from other software solutions providers, which may reduce our market share or limit the prices we can charge for our software solutions.

Given that we serve numerous vertical markets, we face competition from a large number of competitors ranging in size from small private companies with annual revenues of less than $1 million per year to the larger enterprise resource planning vendors. As a result, in certain market segments, competition can be intense, and significant pricing pressure may exist. To maintain and improve our competitive position, we must continue to develop and to introduce, in a timely and cost-effective manner, new software solutions. In addition, we expect that a substantial portion of our revenue will continue to be derived from renewals of maintenance arrangements with our customers. Although we have experienced relatively stable and predictable attrition relating to these arrangements, increased competition could reduce the need for our maintenance services, as customers could decide to replace our software applications with a competitor's applications or arrange for a third party to provide maintenance services.

Additional competition could emerge as other established and emerging companies enter the market for our software products and as new products and technologies are introduced. For example, companies that historically have not competed in one of our market segments could introduce new applications based on newer product architectures that could provide for functionality similar to or better than our software products. In addition, current and potential competitors may make strategic acquisitions or establish cooperative relationships among themselves or with third parties, thereby increasing the ability of their products to better address the needs of our prospective customers. Accordingly, it is possible that new competitors or alliances among current and new competitors may emerge and gain significant market share. This competition could result in price reductions, fewer customer orders, reduced gross margins and loss of market share for our software products.

Some of our competitors and potential competitors have greater financial, technical, marketing, and other resources, greater name recognition, and a larger installed base of customers than we do. The products of some of our competitors are based on more advanced product architectures or offer performance advantages compared with some of our more mature products. Our competitors may be able to respond more quickly to new or emerging technologies and changes in customer requirements or may devote greater resources to the development, promotion, and sale of their products than we do. Many competitive factors affect the market for our products and our ability to earn maintenance, professional services and new license revenue. Some of these factors are: vendor and product reputation; industry-specific expertise; cost of ownership; ease and speed of implementation; customer support; product architecture, quality, price and performance; product performance attributes, such as flexibility, scalability, compatibility, functionality and ease of use; and vendor financial stability.

If we cannot attract and retain qualified sales personnel, customer service personnel, and software developers, we may not be able to sell and to support our existing products or to develop new products.

We depend on key technical, sales, and senior management personnel. Many of these individuals would be difficult to replace if they were to leave our employment. In addition, our success is highly dependent on our continuing ability to identify, hire, train, assimilate, motivate, and retain highly qualified personnel, including recently hired officers and other employees. Any such new hire may require a significant transition period prior to making a meaningful contribution to the Company. Periodically, competition for qualified employees is intense in the technology industry, and we have in the past experienced difficulty recruiting qualified employees. Our failure to attract and to retain the necessary qualified personnel could seriously harm our operating results and financial condition.

Our future growth depends, in part, upon our ability to develop new products and to improve existing software products. Our ability to develop new software solutions and to enhance our existing software solutions will depend, in part, on our ability to recruit and to retain top quality software programmers. If we are unable to hire and to retain sufficient numbers of qualified programming personnel, we may not be able to develop new software solutions or to improve our existing software solutions in the time frame necessary to execute our business plan.

The loss of our rights to use software currently licensed to us by third parties could increase our operating expenses by forcing us to seek alternative technology and adversely affect our ability to compete.

We license certain technologies used in our products from third parties, generally on a non-exclusive basis. The termination of any of these licenses, or the failure of the licensors to adequately maintain or update their products, could delay our ability to ship our products while we seek to implement alternative technology offered by other sources and require significant unplanned investments on our part. In addition, alternative technology may not be available on commercially reasonable terms. In the future, it may be necessary or desirable to obtain other third-party technology licenses relating to one or more of our products or relating to current or future technologies to enhance our product offerings. There is a risk that we will not be able to obtain licensing rights to the needed technology on commercially reasonable terms, if at all.

Dependence on our relationship with CSI.

CSI has certain rights and influence over us and the Coop under the IRGA and as the holder of the Super Voting Share. CSI has a historical involvement as an investor in the Coop and CSI will provide certain services to the Coop pursuant to the Services Agreement. There is no guarantee that we or the Coop will continue to benefit from this relationship with CSI in the future. There can also be no assurance that CSI will continue to hold the Super Voting Share. We have established a conflicts protocol with CSI to address conflicts and potential conflicts and to provide guidelines for the allocation of certain transaction opportunities, which may limit the ability of the Company to compete with CSI and CSI's other subsidiaries for such transaction opportunities. See "*Governance of the Company and the Coop – Conflicts of Interest*".

Several members of our senior management team are important to our business and if these individuals do not remain with us in the future it may have a negative impact on our financial condition and results of operations.

Our future success depends on the continued efforts and abilities of our senior management team. Their skills, experience and industry contacts significantly benefit us. Although we have employment and non-competition agreements with members of our senior management team, we cannot assure you that they or our other key employees will all choose to remain employed by us. If we lose the services of one or more of these individuals, or if one or more of them decide to join a competitor or otherwise compete directly or indirectly with us, our business, operating results, and financial condition could be harmed. We do not maintain key man life insurance on any of our employees.

We may experience customer attrition, which could affect our revenues more adversely than we expect, and we may be unable to adapt quickly to such attrition. Any significant reduction in revenues as a result of such attrition may have a material adverse effect on our business, results of operations or financial condition.

We expect that a substantial portion of our revenue will continue to be derived from renewals of quarterly and annual maintenance arrangements with our customers, and, to a lesser extent, from professional services engagements for these customers. Although we believe we have strong customer retention rates, attrition in our customer base does occur when existing customers elect not to renew their maintenance arrangements and cease purchasing professional services from us. Customer attrition occurs for a variety of reasons, including a customer's decision to replace our software product with that of a competing vendor, to purchase maintenance or consulting services from a third-party service provider, or to forego maintenance services altogether. It can also occur when a customer is acquired or ceases operations.

Historically, we have been able to replace more than the revenue lost through attrition with new revenue from maintenance services as well as from price increases for maintenance services. However, any factors that adversely affect the ability of our software products to compete with those available from others, such as availability of competitors' products offering more advanced product architecture, superior functionality or performance or lower prices, or factors that reduce demand for our maintenance services, such as intensifying price competition, could lead to increased rates of customer attrition.

Currency exchange rate fluctuations and other risks associated with our international operations may adversely affect our operating results.

We are subject to risks of doing business internationally, including fluctuations in currency exchange rates, increases in duty rates, difficulties in obtaining export licenses, difficulties in the enforcement of intellectual property rights and political uncertainties. We currently do not typically use derivative instruments to mitigate our exposure to those risks. Although most of our businesses are organized geographically so that many of our expenses are incurred in the same currency as our revenues thus mitigating some of our exposure to currency fluctuations, we are still subject to some foreign currency risk. We may choose to enter into forward foreign exchange contracts from time to time with the objective of mitigating volatility in profit or loss but there is no assurance that these hedging strategies will be effective.

Revenues and expenses generated in foreign currencies are translated at exchange rates during the month in which the transaction occurs. We cannot predict the effect of foreign exchange losses in the future; however, if significant foreign exchange losses are experienced, they could have a material adverse effect on our business, results of operations, and financial condition. In addition, fluctuations in exchange rates could affect the pricing of our products and negatively influence customer demand.

Additional risks we face in conducting business internationally include longer payment cycles and difficulties in managing international operations. These include constraints associated with local laws regarding employment, difficulty in enforcing our agreements through foreign legal systems, complex international tax and financial reporting compliance requirements, and the adverse effects of tariffs, duties, price controls or other restrictions that impair trade.

We may have exposure to unforeseen tax liabilities.

We are subject to income taxes as well as non-income based taxes in the Netherlands and France and various foreign jurisdictions and our tax structure is subject to review by numerous taxation authorities. Significant judgment is required in determining our worldwide provision for income taxes and other tax liabilities. In the ordinary course of a global business, there are many inter-company transactions and calculations where the ultimate tax determination is uncertain. Although we strive to ensure that our tax estimates and filing positions are reasonable, we cannot assure you that the final determination of any tax audits and litigation will not be different from what is reflected in our historical income tax provisions and accruals, and any such differences may materially affect our operating results for the affected period or periods.

The Company is subject to income tax audits by various authorities in respect of prior periods that could result in additional tax expense in future periods. While the outcome of such outstanding audits and claims remains uncertain, it is expected that they will be resolved without a material impact to the Company's financial position.

We also have exposure to additional non-income tax liabilities. We are subject to non-income taxes, such as payroll, sales, use, value-added, net worth, property and goods and services taxes in the Netherlands and France and various foreign jurisdictions.

We benefit from subsidies, tax exemptions or deductions that may cease to be available.

We benefit from subsidies, tax exemptions or deductions related to research and development, which function is mainly located in the Netherlands. Current support schemes and other financial benefits may expire, be suspended or be phased out over time, cease upon the exhaustion of allocated funding or be subject to cancellation, non-renewal or change. Subsidies could also be ultimately altered based on investigation by the provider. If the Dutch government were to decrease or abandon their financial support for research and development, that may lead us to modify or reduce our development plans and consequently may adversely affect our business, financial condition, results of operations and prospects.

Impact of geopolitical and other global or local events may have a significant effect on our operations.

Various events, including natural disasters, extreme weather conditions, labour disputes, civil unrest, war and political instability, terrorism, contagious illness outbreaks (including, most recently, the novel coronavirus (COVID-19)), and environmental disasters or the perceived threat or fear of these events, may cause a disruption of our normal operations, including staff shortages, mobility restrictions and other quarantine measures (including as a result of government regulation and prevention measures) and may disrupt the domestic and international travel of our sales and other personnel. The sales cycle for our products includes a period of education for potential customers on the use and benefits of our software solutions, as well as the integration of our software solutions with additional applications utilized by individual customers. Any disruption in the ability of our personnel to travel could have a material and adverse impact on our ability to complete this process and to service these customers or to negotiate new merger and acquisition transactions, which could, in turn, have a material adverse effect on our business, results of operations and financial condition. In addition, these events or the perceived threat or fear of these events may require us to reorganize our day-to-day operations to minimize the associated risks. Any expense related to the reorganization of our day-to-day operations, even on a short-term basis, could also have a material adverse effect on our business, results of operations and financial condition.

Potential divestitures may reduce revenues in the short term and create uncertainty among our employees, customers and potential customers, which could harm our business.

Although we have not divested any businesses in the past five years, any divestitures could result in a short-term reduction in revenue and could harm our results of operations if we were not able to reduce expenses accordingly or to generate offsetting sources of revenue. To the extent that our consideration of these potential divestitures became known prior to their completion, we could face the risk, among others, that customers and potential customers of the VMS business in question might be reluctant to purchase our software solutions during this period. In addition, we face the risk that we may be unable to retain qualified personnel within the applicable VMS business during this period. Poor economic conditions and a lack of access to the credit markets may lead to difficulty in finding interested buyers for any proposed divestitures. These risks could prevent us from successfully completing on favourable terms, or at all, divestitures that would otherwise be beneficial to us, and may in the process weaken business divisions that we are considering for divestiture. Any of these events could result in a loss of customers, revenues, and employees and could harm our results of operations.

Some of the markets for our software products are characterized by periodic technological advances, and we must improve our software products to remain competitive.

Periodic technological change and associated new product introductions and enhancements characterize the software industry in general. Our current and potential customers increasingly require greater levels of functionality and more sophisticated product offerings. In addition, the life cycles of many of our software products are difficult to estimate. While we believe some of our software products may be nearing the end of their product life cycles, we cannot estimate the decline in demand from our customers for maintenance related to these software products. Accordingly, we believe that our future success depends upon our ability to enhance current software products and to develop and to introduce new products offering enhanced performance and functionality at competitive prices in a timely manner, and on our ability to enable our software products to work in conjunction with other products from other suppliers that our customers may utilize. Our failure to develop and to introduce or to enhance products in a timely manner could have a material adverse effect on our business, results of operations, and financial condition.

We may be unable to respond on a timely basis to the changing needs of our customer base and the new applications we design for our customers may prove to be ineffective. Our ability to compete successfully will depend in large measure on our ability to bring to market effective new products or services, to maintain a technically competent research and development staff, and to adapt to technological changes and advances in the industry. Our software products must remain compatible with evolving computer hardware and software platforms and operating environments. We cannot assure you that we will be successful in these efforts. In addition, competitive or technological developments and new regulatory requirements may require us to make substantial, unanticipated investments in new products and technologies, and we may not have sufficient resources to make these investments. If we were required to expend substantial resources to respond to specific technological or product changes, our operating results would be adversely affected.

If we are unable to protect our proprietary technology and that of the VMS businesses that we acquire, our competitive position could be adversely affected.

We have relied, and expect to continue to rely, on a combination of copyright, trademark and trade-secret laws, confidentiality procedures, and contractual provisions to establish, maintain, and protect our proprietary rights. Although patents generally provide greater protection of software products than do trade secrets or copyrights, we currently possess only a limited number of patents. We typically enter into agreements with our employees, consultants, customers, partners and vendors in an effort to control ownership of our intellectual property and access to and distribution of our software, documentation and other proprietary information. Despite these precautions, there may be authors of some of the intellectual property that form parts of our software products who have not assigned their intellectual property rights to us and who have not waived their moral rights with respect thereto. The steps we take may not prevent misappropriation of our intellectual property, and the agreements we enter into may not be enforceable. Despite our efforts to protect our proprietary rights in our intellectual property and that of other businesses we may acquire, unauthorized parties may copy or otherwise obtain and use our proprietary technology or obtain information we regard as proprietary. Policing unauthorized use of our technology, if required, may be difficult, time-consuming, and costly. Our means of protecting our technology may be inadequate.

Third parties may apply for and obtain patent protection for products and services that are similar to our software solutions. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our products or services or to obtain and to use information that we regard as proprietary. Third parties may also independently develop similar or superior technology without violating our proprietary rights.

Trademark protection is an important factor in establishing product recognition. Our inability to protect our trademarks from infringement could result in injury to any goodwill which may be developed in our trademarks. Moreover, we may be unable to use one or more of our trademarks because of successful third-party claims.

Claims of infringement are becoming increasingly common as the software industry develops and legal protections, including patents, are applied to software products. Although we believe that our software products and technology do not infringe proprietary rights of others, litigation may be necessary to protect our proprietary technology and third parties may assert infringement claims against us with respect to their proprietary rights.

Any claims or litigation can be time consuming and expensive regardless of their merit. Infringement claims against us could cause product release delays, require us to redesign our products or to enter into royalty or license agreements that may not be available on terms acceptable to us, or at all.

Software product development delays could harm our competitive position and reduce our revenues.

If we experience significant delays in releasing new or enhanced software products, our position in the market could be harmed and our revenue could be substantially reduced, which would adversely affect our operating results. We have experienced software product development delays in the past and may experience delays in the future. In particular, we may experience software product development delays associated with the integration of recently acquired software products and technologies. Delays may occur for many reasons, including the inability to hire a sufficient number of developers, discovery of bugs and errors, or the inability of our current or future software products to conform to customer and industry requirements.

Our software products may contain errors or defects that could result in lost revenue, delayed or limited market acceptance, or product liability claims with substantial litigation costs.

As a result of their complexity, software products may contain undetected errors or failures when entering the market. Despite testing performed by us and testing and use by current and potential customers, defects and errors may be found in new software products after commencement of commercial shipments or the offering of a network service using these software products. In these circumstances, we may be unable to successfully correct the errors in a timely manner or at all. The occurrence of errors and failures in our software products could result in negative publicity and a loss of, or delay in, market acceptance of those software products. Such publicity could reduce revenue from new licenses and lead to increased customer attrition. Alleviating these errors and failures could require significant expenditure of capital and other resources by us. The consequences of these errors and failures could have a material adverse effect on our business, results of operations, and financial condition.

Because many of our customers use our software products for business-critical applications, any errors, defects, or other performance problems could result in financial or other damage to our customers. Our customers or other third parties could seek to recover damages from us in the event of actual or alleged failures of our software solutions. We have in the past been, and may from time to time continue to be, subject to these kinds of claims. Although our license agreements with customers typically contain provisions designed to limit our exposure to potential claims, as well as any liabilities arising from these claims, the provisions may not effectively protect against these claims and the liability and associated costs. Accordingly, any such claim could have a material adverse effect upon our business, results of operations, and financial condition. In addition, defending this kind of claim, regardless of its merits, or otherwise satisfying affected customers, could entail substantial expense and require the devotion of significant time and attention by key management personnel.

The hosting services of some of our products are dependent on the uninterrupted operation of data centers. Any unexpected interruption in the operation of data centers used could result in customer dissatisfaction and a loss of revenues.

Some of our VMS businesses provide hosting services in respect of some of our software products. These hosting services depend upon the uninterrupted operation of data centers and the ability to protect computer equipment and information stored in these data centers against damage that may be caused by natural disaster, fire, power loss, telecommunications or internet failure, unauthorized intrusion, computer viruses and other similar damaging events. If any of the data centers we use were to become inoperable for an extended period, we might be unable to provide our customers with contracted services. Although we take what we believe to be reasonable precautions against such occurrences, we can give no assurance that damaging events such as these will not result in a prolonged interruption of our services, which could result in customer dissatisfaction, loss of revenue and damage to our business.

As a provider of hosted services, we receive confidential information, including credit card and other financial and accounting data. There can be no assurance that this information will not be subject to loss, destruction, computer break-ins, theft, or other improper activity that could jeopardize the security of information for which we are responsible. Any such lapse in security could expose us to litigation, loss of customers, or otherwise harm our business. In addition, any person who is able to circumvent our security measures could misappropriate proprietary or confidential customer information or cause interruptions in our operations.

We are required to comply with numerous, complex, constantly evolving and sometimes conflicting legal and regulatory requirements in multiple jurisdictions, and could suffer financial, operational or reputational loss due to non-compliance.

Due to the international nature and scale of the our operations, we are impacted by the laws and regulations of the various jurisdictions within these markets, including competition and anti-trust, foreign investment, labour, data protection and privacy, telecommunications, online content, intellectual property, corporate, tax, financial services, anti-money laundering, anti-bribery and anti- corruption and sanctions and export controls. These laws and regulations are often complex, constantly evolving and in some cases conflict with one another. Furthermore, operating in foreign jurisdictions entails an inherent risk of misinterpreting, or wrongly implementing, foreign laws and regulations. Incidents of non-compliance with applicable laws and regulations could result in damage to our reputation and repeated compliance failures could call into question the integrity of our operations.

Any violation of or non-compliance with applicable anti-money laundering, anti-corruption or anti-bribery laws could expose us to investigations, criminal and/or civil liability and substantial fines in any of the jurisdictions in which we operate, the occurrence of any of which would have a material adverse effect on our reputation, business, financial condition, results of operations and prospects.

We are currently, and may in the future become, subject to civil litigation, which if decided against us, could require us to pay judgments, settlements or other penalties and could potentially result in the dilution of the Subordinate Voting Shares.

In addition to being subject to litigation in the ordinary course of business, we may become subject to class actions, securities litigation or other actions, including anti-trust and anti-competitive actions.

Any litigation may be time consuming, expensive and distracting from the conduct of our daily business. The adverse resolution of any specific lawsuit could have a material adverse effect on our financial condition and liquidity.

In addition, the resolution of those matters may require us to issue additional Subordinate Voting Shares, which could potentially result in the dilution of the Subordinate Voting Shares. Expenses incurred in connection with these matters (which include fees of lawyers and other professional advisors and potential obligations to indemnify officers and directors who may be parties to such actions) could adversely affect our cash position.

No limit on indebtedness.

In order to finance acquisitions from time-to-time, the Company expects to draw down additional indebtedness under its credit facility, subject to the terms of the IRGA. The additional indebtedness will increase the interest payable by the Company from time-to-time until such amounts are repaid, which will represent an increase in the Company's cost and a potential reduction in the Company's income. In addition, the Company may need to find additional sources of financing to repay these amounts when they become due. There can be no guarantee that the Company will be able to obtain financing on terms acceptable to it or at all at any such time.

If our security measures for our products and services are compromised and as a result, our data, our customers' data or our IT systems are accessed improperly, made unavailable, or improperly modified, our products and services may be perceived as vulnerable, our brand and reputation could be damaged, the IT services we provide to our customers could be disrupted, and customers may stop using our products and services, all of which could reduce our revenue and earnings, increase our expenses and expose us to legal claims and regulatory actions.

We are in the IT business, and certain of our products and services, store, retrieve, manipulate and manage our customers' information and data, external data, as well as our own data.

At times, we encounter attempts by third parties (which may include nation states and individuals sponsored by them) to identify and exploit product and service vulnerabilities, penetrate or bypass our security measures, and gain unauthorized access to our or our customers', partners' and suppliers' software, hardware and cloud offerings, networks and systems, any of which could lead to the compromise of personal information or the confidential information or data of the Company or our customers. Computer hackers and others may be able to develop and deploy IT related viruses, worms, and other malicious software programs that could attack our networks, systems, products and services, exploit potential security vulnerabilities of our networks, systems, products and services, create system disruptions and cause shutdowns or denials of service. This is also true for third-party data, products or services incorporated into our own products and services. Data may also be accessed or modified improperly as a result of customer, partner, employee or supplier error or malfeasance and third parties may attempt to fraudulently induce customers, partners, employees or suppliers into disclosing sensitive information such as user names, passwords or other information in order to gain access to our data, our customers', suppliers' or partners' data or the IT systems of the Company, its customers, suppliers or partners.

In Europe, the General Data Protection Regulation, which came into force on May 25, 2018, provides for new obligations that apply internationally to entities that control or process the personal data of citizens in the territory of the European Union. This legislation also includes mandatory breach notification provisions as part of a comprehensive regime that governs the processing of personal information. Penalties for violations can be up to 4% of a company's total annual revenue.

The consequences of security breaches, compliance with privacy and data protection laws and regulations and the potential liability associated with the failure to comply with these laws could have a material adverse effect on our business, results of operations, and financial condition.

Our international activities increase the compliance risk associated with economic and trade sanctions imposed by the European Union and other jurisdictions.

We are subject to complex economic and trade sanctions laws in the jurisdictions where we operate, including the European Union and other jurisdictions. Economic and trade sanctions laws prohibit most dealings with listed persons, entities or bodies designated under the applicable sanctions regime, and restrict or prohibit certain business activities in certain sanctioned territories.

Risks Related to the Dividend and the Subordinate Voting Shares

Future sales by existing shareholders may affect the market price of the Subordinate Voting Shares.

If at any time our shareholders sell substantial amounts of the Subordinate Voting Shares in the public market, the market price of the Subordinate Voting Shares may fall. The perception among investors that these sales will occur could also produce this effect.

No prior market for the Subordinate Voting Shares exists which may reduce liquidity.

There is currently no market through which the Subordinate Voting Shares can be sold and there can be no assurance that any active public trading market will develop. Listing of the Subordinate Voting Shares is not expected to occur until approximately 30 days following the closing of the Acquisition. If an active public market for the Subordinate Voting Shares does not develop, the liquidity of the Subordinate Voting Shares will be limited. Various factors including our financial results and the financial results of our competitors and general economic conditions could cause significant fluctuations in the price and trading volume of the Subordinate Voting Shares.

The market price of the Subordinate Voting Shares will fluctuate.

The market price of the Subordinate Voting Shares will fluctuate due to a number of factors, including: actual or anticipated changes in our results of operations; changes in estimates of our future results of operations by management or securities analysts; announcements of technological innovations or new software products by us or our competitors; or general industry changes.

In addition, the financial markets have experienced significant price and value fluctuations that have particularly affected the market prices of equity securities of many software companies and that sometimes have been unrelated to the operating performance of these companies. Broad market fluctuations, as well as economic conditions generally and in the software industry specifically, may adversely affect the market price of the Subordinate Voting Shares.

Because we do not expect to pay any dividends on our Subordinate Voting Shares until the Preferred Shares are converted or redeemed, holders of the Subordinate Voting Shares may never receive a return on their investment.

We do not anticipate paying any cash dividends on the Subordinate Voting Shares in the foreseeable future. The declaration and payment of any dividends on the Subordinate Voting Shares in the future will be determined by the Company's board of directors, in its discretion, and will depend on a number of factors, including our earnings, financial condition and other relevant factors, including the availability of acquisition opportunities and other sources of capital, as well as any contractual restrictions or obligations, including in respect of the Preferred Shares and the obligations of the Company's subsidiary under the IRGA. In addition, pursuant to the IRGA, no significant dividends will be declared or paid on the Subordinate Voting Shares until such time as there are no longer any Preferred Shares outstanding.

The dual class structure that will be contained in the Company's articles has the effect of concentrating voting control and the ability to influence corporate matters with CSI.

The Super Voting Share currently has 39,570,350 votes per share. The Super Voting Share has the right to such number of votes per share at any particular time as equals 50.1% of the aggregate number of votes attached to all of the outstanding Subordinate Voting Shares and the Super Voting Share at such time. The Subordinate Voting Shares have one vote per share. CSI will hold the Super Voting Share and as a result will hold approximately 50.1% of the voting power of our outstanding voting shares following the Spin-Out. Therefore, CSI will have significant influence over our management and affairs and over all matters requiring shareholder approval.

The rights of certain current shareholders may restrict the manner in which the Company operates its business and could result in significant dilution to holders of Subordinate Voting Shares.

Pursuant to the IRGA, CSI, Joday and IJssel are afforded certain approval rights with respect the Company and the Coop as more fully set forth under the heading "*Governance of the Company and the Coop – Investor Rights and Governance Agreement*". These rights include but are not limited to (a) requirement for the prior the consent of Joday for any (i) exclusion or restriction of any pre-emptive rights of shareholders of the Company, (ii) new issuances of securities of the Company, (iii) any consolidation, amalgamation or reorganization of the Company, (iv) entering into or modifying arrangements with shareholders, and (b) for so long as CSI holds the Super Voting Share, the approval of the board of directors of CSI is required for any acquisitions by the Coop exceeding US$100 million, other than in ordinary course commercial arrangements. Such approvals, if not granted, may limit the Company's ability to complete a change of control transaction or an acquisition that may otherwise be beneficial to shareholders.

In addition, pursuant to the IRGA, CSI, Joday and IJssel will each have the right, in certain circumstances, to nominate directors for election to the board of directors of the Company and the Coop. As a result, CSI, Joday and IJssel will each be able to exercise influence over the management, administration, strategy and growth of the Company and the Coop. See "*Governance of the Company and the Coop – Investor Rights and Governance Agreement – Board and Management – Composition of the Board and Management*".

The Pref Securities held by CSI, the Joday Group and IJssel contain certain redemption, retraction and dividend rights that may require the Company to issue additional Subordinate Voting Shares from time to time. The exercise of one or more of these rights could result in significant dilution to holders of the Subordinate Voting Shares.

There may be adverse tax consequences associated with the Dividend.

Adverse tax consequences may arise with respect to the acquisition, holding or disposing of the Spin-Out Shares distributed through the Dividend in addition to those discussed in "*Certain Canadian Federal Income Tax Considerations*". CSI Shareholders who intend to receive Spin-Out Shares should consult their own tax advisors regarding the application of Canadian federal income tax laws, as well as any other tax laws, regarding the tax consequences of such acquisition.

Quantitative and Qualitative Disclosures about Market Risk

Interest rate risk.

We face interest rate risk when interest rates change. If we have borrowings under the Credit Facility and the Term Facility and interest rates rise, our cash flow is negatively impacted because we will be required to pay out more interest on the Credit Facility and the Term

Facility. The uncertainty of outgoing cash flow from interest payments increases our exposure to interest rate risk. We do not actively manage this risk.

Inflation risk.

We do not believe that inflation has had a material effect on our business, financial condition or results of operations. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax consequences of the receipt, holding and disposition of the Spin-Out Shares to a holder who receives Spin-Out Shares pursuant to the Spin-Out and who, for the purposes of the Tax Act and at all relevant times, holds the Spin-Out Shares as capital property and deals at arm's length with, and is not affiliated with, the Company or CSI (a "**Holder**").

This summary is based on the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**"), and our understanding of the current administrative policies and practices of the Canada Revenue Agency (the "**CRA**") published in writing by it. This summary assumes that all such Tax Proposals will be enacted in their present form although there is no assurance that this will be the case. This summary does not otherwise take into account or anticipate any changes in law, whether by judicial, administrative or legislative decision or action, or changes in CRA's administrative policies and practices, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from those described herein. This summary is not exhaustive of all possible Canadian federal income tax consequences that may affect prospective Holders.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder of the Spin-Out Shares, and no representation with respect to the Canadian federal income tax consequences to any particular Holder is made. All Holders of the Spin-Out Shares are advised to consult their own tax advisors with respect to their particular circumstances.

Taxation of Resident Holders

The following is a discussion of the consequences under the Tax Act to a Holder who, for purposes of the Tax Act and at all relevant times, is resident or deemed to be resident in Canada (a "**Resident Holder**").

This summary is not applicable to a Resident Holder (i) that is a "specified financial institution", (ii) an interest in which is a "tax shelter investment", (iii) that is, for purposes of certain rules (referred to as the mark-to-market rules), a "financial institution", (iv) that reports its "Canadian tax results" in a currency other than Canadian currency, or (v) that has entered into or will enter into a "derivative forward agreement" with respect to the Resident Holder's common shares of CSI or the Spin-Out Shares, each of the foregoing as defined in the Tax Act. Any such Resident Holders should consult their own tax advisors with respect to the receipt, holding and disposition of Spin-Out Shares.

Additional considerations, not discussed herein, may be applicable to a Resident Holder that is a corporation resident in Canada, and is, or becomes, controlled by a non-resident for purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. Such Resident Holders should consult their own tax advisors with respect to the consequences of acquiring Spin-Out Shares.

Spin-Out

A Resident Holder who receives Spin-Out Shares on the Spin-Out will be considered to have received a taxable dividend (the "**Spin-Out Dividend**") in an amount equal to the aggregate fair market value of the Spin-Out Shares so received. The adjusted cost base to a Resident Holder of the Spin-Out Shares received upon the Spin-Out Dividend will be equal to the aggregate fair market value of the Spin-Out Shares so received.

A Spin-Out Dividend received by a Resident Holder who is an individual will be included in computing the Resident Holder's income, subject to the gross-up and dividend tax credit rules normally applicable under the Tax Act to taxable dividends received from taxable

Canadian corporations. The Spin-Out Dividend could be eligible for the enhanced gross-up and dividend tax credit, if CSI designates the Spin-Out Dividend as an "eligible dividend". There may be limitations on CSI's ability to designate dividends as eligible dividends, and CSI has not committed to making such designation. A dividend received by an individual, or certain trusts, may also give rise to alternative minimum tax under the Tax Act, depending on the circumstances.

A Spin-Out Dividend received by a Resident Holder that is a corporation will be included in the corporation's income and will generally be deductible in computing its taxable income, subject to all restrictions and limitations under the Tax Act. Certain corporations, including "private corporations" or "subject corporations" (as such terms are defined in the Tax Act) may also be liable to pay a refundable tax under Part IV of the Tax Act to the extent that the dividend is deductible in computing taxable income.

Where a Resident Holder that is a corporation receives a Spin-Out Dividend and such dividend is deductible in computing such Resident Holder's income, all or part of the dividend may in certain circumstances be treated under the Tax Act as a capital gain from the disposition of a capital property the taxable portion of which must be included in computing the Resident Holder's income for the year in which the dividend was received. Resident Holders should consult their own tax advisors in this regard.

Disposition of the Spin-Out Shares

A disposition or deemed disposition of the Spin-Out Shares by a Resident holder will generally result in a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base to the Resident Holder of the Spin-Out Shares immediately before the disposition.

Taxation of Capital Gain or Capital Loss on the Spin-Out Shares

In general, one-half of a capital gain realized by a Resident Holder must be included in computing such Resident Holder's income as a taxable capital gain. One-half of a capital loss must be deducted as an allowable capital loss against taxable capital gains realized in the year and any remainder may be deducted against net taxable capital gains in any of the three years preceding the year or any year following the year, to the extent and under the circumstances set out in the Tax Act.

The amount of any capital loss realized on the disposition or deemed disposition of a Spin-Out Share by a Resident Holder that is a corporation may be reduced by the amount of dividends received or deemed to have been received by it on such Spin-Out Share, to the extent and in the circumstances set out in the Tax Act. Similar rules may apply where a Resident Holder is a corporation that is a member of a partnership or beneficiary of a trust that owns Spin-Out Shares or that is itself a member of a partnership or a beneficiary of a trust that owns Spin-Out Shares.

A Resident Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" as defined in the Tax Act may be liable to pay an additional refundable tax on its "aggregate investment income", which is defined in the Tax Act to include taxable capital gains.

A taxable capital gain realized by an individual, or certain trusts, may give rise to a liability for alternative minimum tax under the Tax Act.

Dividends on the Spin-Out Shares

Dividends on the Spin-Out Shares received by a Resident Holder who is an individual will be included in computing the Resident Holder's income, subject to the gross-up and dividend tax credit rules normally applicable under the Tax Act to taxable dividends received from taxable Canadian corporations. Such dividend could be eligible for the enhanced gross-up and dividend tax credit if the Company designates the dividend as an "eligible dividend". There may be limitations on the Company's ability to designate dividends as eligible dividends, and the Company has not committed to make such designation. A dividend received by an individual, or certain trusts, may also give rise to alternative minimum tax under the Tax Act, depending on the circumstances.

The amount of a dividend, if any, on Spin-Out Shares received by a Resident Holder that is a corporation will be included in the corporation's income and will generally be deductible in computing its taxable income, subject to all restrictions under the Tax Act. Certain corporations, including "private corporations" or "subject corporations" (as such terms are defined in the Tax Act) may also be liable to pay a refundable tax under Part IV of the Tax Act on the dividend to the extent that the dividend is deductible in computing taxable income.

Where a Resident Holder that is a corporation receives a dividend and such dividend is deductible in computing such Resident Holder's income, all or part of the dividend may in certain circumstances be treated under the Tax Act as a capital gain from the disposition of a capital property the taxable portion of which must be included in computing the Resident Holder's income for the year in which the dividend was received. Resident Holders should consult their own tax advisors in this regard.

Taxation of Non-Resident Holders

The following is a discussion of the consequences under the Tax Act to a Holder who for the purposes of the Tax Act and at all relevant times is not resident and is not deemed to be resident in Canada and does not acquire or hold their Spin-Out Shares in connection with a business carried on, or deemed to be carried on, in Canada (a "**Non-Resident Holder**"). This summary does not apply to a Non-Resident Holder that carries on an insurance business in Canada and elsewhere.

Spin-Out

A Non-Resident Holder who receives the Spin-Out Shares on the Spin-Out will be considered to have received a taxable dividend in an amount equal to the aggregate fair market value of the Spin-Out Shares so received. The dividend will be subject to Canadian federal withholding tax under Part XIII of the Tax Act at the rate of 25% of the amount of the dividend, subject to reduction under the terms of any applicable income tax treaty or convention. CSI will (or will arrange for market intermediaries to) comply with any withholding that may be required in accordance with applicable law.

Dividends on the Spin-Out Shares

Dividends paid or credited, or deemed to be paid or credited, on the Spin-Out Shares to a Non-Resident Holder will be subject to Canadian federal withholding tax at the rate of 25%, subject to any reduction in the rate of withholding to which the Non-Resident Holder is entitled under any applicable income tax treaty or convention.

Disposition of the Spin-Out Shares

A Non-Resident Holder will not be subject to tax under the Tax Act on any capital gain realized on a disposition of the Spin-Out Shares unless the Spin-Out Shares constitute "taxable Canadian property" of the Non-Resident Holder and any such capital gain is not exempt from tax by virtue of any applicable income tax treaty or convention between Canada and the country in which the Non-Resident Holder is resident.

Generally, a Spin-Out Share listed on a "designated stock exchange" (which currently includes the TSXV) will not constitute "taxable Canadian property" to a Non-Resident Holder at a particular time unless, at any time during the sixty-month period immediately preceding the particular time (a) one or any combination of (i) the Non-Resident Holder, (ii) persons with whom the Non-Resident Holder does not deal at arm's length, and (iii) partnerships in which the Non-Resident Holder or a person described in (ii) holds a membership interest directly or indirectly through one or more partnerships held 25% or more of the issued shares of any class or series in the capital stock of the Company; and (b) more than 50% of the fair market value of the Spin-Out Share was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource properties" or "timber resource properties" (both as defined in the Tax Act), and options in respect of, or interests in, or for civil law rights in, any such properties (whether or not such property exists).

In the event that the Spin-Out Shares do constitute "taxable Canadian property" to a particular Non-Resident Holder and a capital gain realized on the disposition of such Spin-Out Shares is not exempt from tax under the Tax Act by virtue of the terms of an income tax treaty or a convention between Canada and the country in which the Non-Resident Holder is resident, such Non-Resident Holder will realize a capital gain (or capital loss) generally in the circumstances and determined in the manner described above under "*Taxation of Resident Holders – Disposition of the Spin-Out Shares*" and under "*Taxation of Resident Holders – Taxation of Capital Gain or Capital Loss on the Spin-Out Shares*".

MATERIAL CONTRACTS

The following are our only material agreements that will be in effect on the closing of the Spin-Out or on the closing of the Acquisition, as applicable, other than certain agreements entered into in the ordinary course of business:

(a) the IRGA (see "*Governance of the Company and the Coop*");

(b) the Services Agreement (see "*Acquisition of the Target – Services Agreement*"); and

(c) the Exchange Agreement (see "*Description of Capital Structure – Exchangeable Units*").

Copies of the foregoing documents will be available following the closing of the Spin-Out, or the closing of the Acquisition, as applicable, at www.sedar.com.

PROMOTERS

CSI is considered to be a "promoter" for the purposes of National Instrument 41-101 – *General Prospectus Requirements*, and information relating to CSI's involvement in the incorporation, funding and corporate organization of the Company is provided throughout this prospectus. As of the date of this prospectus, CSI owns, directly, 1 Super Voting Share and 39,412,385 Preferred Shares.

As at the date of this prospectus, or within the last two years of the date of this prospectus, no person who was a promoter of the Company has been a director, chief executive officer or chief financial officer of any person or company that (a) was subject to an order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer.

LEGAL PROCEEDINGS

We and our subsidiaries are also engaged in legal actions from time to time, arising in the ordinary course of business. None of these actions, individually or in the aggregate, are expected to have a material adverse effect on our consolidated financial position or results of operations.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set forth in this prospectus, none of (i) the directors or executive officers of the Company, (ii) shareholders who beneficially own or control or direct, directly or indirectly, more than 10% of the Company's outstanding voting securities, or (iii) any Associate or Affiliate of the foregoing persons, had an interest in any transaction in which the Company has participated within the three years before the date of this prospectus, that has materially affected or is reasonably expected to materially affect the Company.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are KPMG LLP, Chartered Professional Accountants, Licensed Public Accountants, 333 Bay Street, Toronto, Ontario M5H 2S5.

The transfer agent and registrar for the Spin-Out Shares is Computershare Investor Services Inc. at its principal transfer office in Toronto, Ontario.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

However, in light of the fact that the Subordinate Voting Shares are being distributed pursuant to the Spin-Out, we believe that these remedies are not available in the circumstances of this distribution.

AGENT FOR SERVICE OF PROCESS

Each of Robin van Poelje, Daan Dijkhuizen, Han Knooren and Paul Noordeman has appointed Topicus.com Inc., located at 20 Adelaide Street East, Suite 1200, Toronto, Ontario, M5C 2T6, as their respective agent for service of process in Ontario. It may not be possible for investors to enforce judgments obtained in Canada against any person who resides outside of Canada, even if the party has appointed an agent for service of process.

EXEMPTIONS

Pursuant to a decision issued by the Autorité des marchés financiers dated September 17, 2020, the Company was granted relief from the requirement to translate into French the preliminary prospectus. This exemption was granted on the condition that the French language version of the final prospectus be filed concurrently with the English language version of the final prospectus. The French language version of the final prospectus has been filed concurrently with the English language version of the final prospectus.

Pursuant to an application made to the Ontario Securities Commission, as principal regulator, the Company applied for exemptive relief from the requirements in Item 32 of Form 41-101F1 as prescribed under National Instrument 41-101 – *General Prospectus Requirements*, with respect to certain historical financial statements relating to both historical and proposed acquisitions of the Company (collectively referred to as the "**Company Acquisitions**"), which may be considered to form part of the "primary business" of the Company for the purposes of Item 32 of Form 41-101F1.

The treatment of the Company Acquisitions as forming part of the primary business of the Company could require the Company to include in this prospectus audited annual financial statements for such businesses for up to two years prior to the date of this prospectus. The Company applied for exemptive relief with respect to the Company Acquisitions from the requirement to include audited financial statements relating to such acquisitions for up to two years prior to the date of this prospectus.

The exemption requested will be evidenced by the issuance of a receipt for this prospectus. In the pre-filing application, the Company made, among others, the following submissions:

1) The Company Acquisitions are not significant, either individually or in the aggregate, and are not otherwise material having regard to the overall size and value of the Company's business and operations. Specifically:
    a. no Company Acquisition has total assets representing more than 5% of the total assets of the Company, and most of the Company Acquisitions represent less than 1.0% of total assets;
    b. no Company Acquisition has total income from continuing operations representing more than 15% of the total income from continuing operations of the Company, and most of the Company Acquisitions represent less than 1.0% of total income from continuing operations;
    c. no Company Acquisition, other than the Target, has an enterprise value representing more than 5% of the Company's enterprise value of €1,237.656 million;
    d. the enterprise value of the Target (based on the purchase price of €217 million) represents only 18% of the Company's enterprise value of €1,237.656 million;
    e. Enterprise value is a more appropriate basis upon which to value the Company than total assets, since most of the Company's software businesses operate with negative net tangible assets, and the Company amortizes its intangible assets (as per IFRS) at a rate which has historically far exceeded their economic depreciation, thus significantly understating the value of intangible assets. In addition, enterprise value is associated with the future cash flows to be generated by the Company, whereas total assets on the balance sheet reflect only a historical point in time.

2) Including the financial statements with respect to the over 30 businesses included in the Company Acquisitions would be confusing to investors and/or would not add any additional meaningful disclosure.

3) The majority of the Company Acquisitions, other than the Target, were completed prior to September 2019. As such, the impact of these acquisitions is already fully reflected in the financial statements included in this prospectus.

4) The historical financial statements in respect of which the exemption was sought are not necessary for the prospectus to contain full, true and plain disclosure of all material facts with respect to the Subordinate Voting Shares.

GLOSSARY OF TERMS

"**Acquisition**" means the acquisition by the Purchaser of all of the shares of Topicus.com B.V.

"**Acquisition Agreement**" has the meaning set out in "*Acquisition of the Target – Overview*".

"**Additional Subscription Price**" has the meaning set out in "*Acquisition of the Target – Overview*".

"**Audit Committee**" means the audit committee of the Company's board of directors.

"**Boards**" has the meaning set out in "*Governance of the Company and the Coop – Investor Rights and Governance Agreement – Dividend Policy*".

"**Bonus Plan**" has the meaning set out in "*Executive Compensation – Compensation Discussion and Analysis – Annual Incentive Bonus*".

"**Business**" means the business of the Company.

"**CDS**" has the meaning set out in "*The Spin-Out – Registration – CDS Clearing and Depositary Services Inc.*".

"**CGU**" has the meaning set out in "*Management's Discussion and Analysis – Critical Accounting Estimates – Valuation of Identifiable Goodwill and Other Intangible Assets*".

"**CNHR Committee**" has the meaning set out in "*Executive Compensation – Compensation Discussion and Analysis – Objectives of the Company's Executive Compensation Program*".

"**Company**" means Topicus.com Inc.

"**Company Acquisitions**" has the meaning set out in "*Exemptions*".

"**Company Call Right**" has the meaning set out in "*Description of Capital Structure – Capital Structure of the Company – Preferred Shares – Redemption at the Option of the Company*".

"**Company Mandatory Conversion Moment Call Right**" has the meaning set out in "*Description of Capital Structure – Capital Structure of the Company – Preferred Shares – Redemption at the Option of the Company – Company Mandatory Conversion Moment Call Right*".

"**Company Shareholders**" means the holders of the Company Shares.

"**Company Shares**" means collectively, the Subordinate Voting Shares, the Super Voting Shares and the Preferred Shares.

"**Coop**" means Topicus.com Coöperatief U.A., formerly named Constellation Software Netherlands Holding Coöperatief U.A.

"**Coop Call Right**" has the meaning set out in "*Description of Capital Structure – Capital Structure of the Coop – Preference Units – Redemption at the Option of the Coop*".

"**Coop Unitholders**" means the Company, IJssel and Joday.

"**Coop Units**" means the Ordinary Units and the Preference Units.

"**CRA**" means the Canada Revenue Agency.

"**Credit Facility**" has the meaning set out in "*Business of the Company – Credit Facility*".

"**CSI**" means Constellation Software Inc.

"**CSI Common Shares**" means the common shares of CSI.

"**CSI Shareholders**" means the holders of common shares of CSI.

"**Dividend**" means the distribution of the Spin-Out Shares to the CSI Shareholders by way of a dividend-in-kind.

"**DPSP**" means a deferred profit sharing plan.

"**DRS**" has the meaning set out in "*The Spin-Out – Registration – Direct Registration System*".

"**EUR**" means euros.

"**Exchange Agreement**" has the meaning set out in "*Description of Capital Structure – Exchangeable Units*".

"**Exchangeable Unit Provisions**" has the meaning set out in "*Description of Capital Structure – Exchangeable Units*".

"**Exchangeable Units**" has the meaning set out in "*Description of Capital Structure – Capital Structure of the Company – Overview*".

"**fully-diluted**" has the meaning set out in "*Description of Capital Structure*" or "*Governance of the Company and the Coop*", as applicable.

"**Global Certificate**" has the meaning set out in "*The Spin-Out – Registration – Book-Entry Global Certificates*".

"**Holder**" has the meaning set out in "*Certain Canadian Federal Income Tax Considerations*".

"**IFRS**" means International Financial Reporting Standards.

"**IJssel**" means IJssel B.V.

"**IJssel Put Consideration**" has the meaning set out in "*Governance of the Company and the Coop – Investor Rights and Governance Agreement – Special Shareholder Rights – IJssel Put Option*".

"**IJssel Put Option**" has the meaning set out in "*Governance of the Company and the Coop – Investor Rights and Governance Agreement – Special Shareholder Rights – IJssel Put Option*".

"**IRGA**" has the meaning set out in "*Description of Capital Structure".*

"**Joday**" means Joday Investments II B.V.

"**Joday Group**" means Joday and the Individual Joday Investors.

"**Joday Owned Securities**" has the meaning set out in "*Governance of the Company and the Coop – Investor Rights and Governance Agreement – Restrictions on Exercise – Special Provisions Among CSI and Joday*".

"**Individual Joday Investors**" means a group of individual shareholders affiliated with Joday.

"**Initial Pref Value**" has the meaning set out in "*Description of Capital Structure – Capital Structure of the Company – Preferred Shares – Dividends*".

"**Intercompany Bridge Loan**" has the meaning set out in "*Acquisition of the Target – Overview*".

"**Listing**" means the listing of the Spin-Out Shares on the TSXV.

"**Mandatory Conversion Moment**" has the meaning set out in "*Description of Capital Structure – Capital Structure of the Company – Preferred Shares – Redemption at the Option of the Company – Company Mandatory Conversion Moment Call Right*".

"**MEEM**" has the meaning set out in "*Management's Discussion and Analysis – Critical Accounting Estimates – Valuation of Identifiable Goodwill and Other Intangible Assets*".

"**MI 52-110**" means Multilateral Instrument 52-110 – *Audit Committees*.

"**Named Executive Officers**" means collectively, Daan Dijkhuizen, Jamal Baksh and Robin van Poelje.

"**Non-Resident Holder**" has the meaning set out in "*Certain Canadian Federal Income Tax Considerations – Taxation of Non-Resident Holders*".

"**NP 46-201**" has the meaning set out in "*Escrowed Securities*".

"**Ordinary Units**" means the ordinary membership interests in Coop.

"**Participant**" means a participant in a depositary as defined in National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

"**Policy**" has the meaning set out in "*Governance of the Company and the Coop – Disclosure, Confidentiality and Insider Trading Policy*".

"**Pre-Acquisition Dividend**" has the meaning set out in "*Pre-Closing Reorganization*".

"**Pre-Closing Reorganization**" has the meaning set out in "*Pre-Closing Reorganization*".

"**Pref Securities**" has the meaning set out in "*Description of Capital Structure – Capital Structure of the Company – Preferred Shares – Redemption at the Option of the Holder – Preferred Share Retraction Right*".

"**Preference Unit Call Price Right**" has the meaning set out in "*Description of Capital Structure – Capital Structure of the Coop – Preferred Units – Redemption at the Option of the Holder*".

"**Preference Unit Conversion Right**" has the meaning set out in "*Description of Capital Structure – Capital Structure of the Coop – Preference Units – Conversion*".

"**Preference Unit Retraction Right**" has the meaning set out in "*Description of Capital Structure – Capital Structure of the Coop – Preference Units – Redemption at the Option of the Holder*".

"**Preference Units**" means the non-voting preferred membership interests in Coop.

"**Preferred Share Call Price Right**" has the meaning set out in "*Description of Capital Structure – Capital Structure of the Company – Preferred Shares – Redemption at the Option of the Holder*".

"**Preferred Share Conversion Right**" has the meaning set out in "*Description of Capital Structure – Capital Structure of the Company – Preferred Shares – Conversion*".

"**Preferred Share Put Right**" has the meaning set out in "*Description of Capital Structure – Capital Structure of the Company – Preferred Shares – Redemption at the Option of the Holder – Preferred Share Put Right*".

"**Preferred Share Retraction Right**" has the meaning set out in "*Description of Capital Structure – Capital Structure of the Company – Preferred Shares – Redemption at the Option of the Holder – Preferred Share Retraction Right*".

"**Preferred Shares**" means the preferred shares of the Company.

"**Premium Target Price**" has the meaning set out in "*Description of Capital Structure – Capital Structure of the Company – Preferred Shares – Redemption at the Option of the Company – Company Mandatory Conversion Moment Call Right*".

“**Purchaser**” means TPCS Holding B.V.

“**RDSP**” means a registered disability savings plan.

“**Record Date**” means the record date fixed by the board of directors of CSI in respect of the Dividend.

“**Registered Plans**” means collectively, TFSAs, RRSPs, DPSPs, RRIFs, RESPs and RDSPs.

“**Resident Holder**” has the meaning set out in “*Certain Canadian Federal Income Tax Considerations – Taxation of Resident Holders*”.

“**RESP**” means a registered education savings plan.

“**ROIC**” means return on invested capital.

“**RRIF**” means a registered retirement income fund.

“**RRSP**” a registered retirement savings plan.

“**Services Agreement**” has the meaning set out in “*Acquisition of the Target – Services Agreement*”.

“**Significant Shareholders**” has the meaning set out in “*Description of Capital Structure*”.

“**Spin-Out**” means the spin-out transaction described in this prospectus.

“**Spin-Out Dividend**” has the meaning set out in “*Certain Canadian Federal Income Tax Considerations – Taxation of Resident Holders – Spin-Out*”.

“**Spin-Out Shares**” means the 39,412,385 Subordinate Voting Shares to be distributed to the CSI Shareholders (subject to rounding down to eliminate fractional shares) by way of the Dividend.

“**Subordinate Voting Shares**” means the common shares of the Company.

“**Super Voting Shares**” means the super voting shares of the Company.

“**Target**” means Topicus.com B.V.

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder.

“**Term Loan**” has the meaning set out in “*Management’s Discussion and Analysis – Capital Resources and Commitments – Term Loan*”.

“**TFSA**” means a tax free savings account.

“**TSXV**” means the TSX Venture Exchange.

“**Trading Date**” has the meaning set out in “*Description of Capital Structure – Capital Structure of the Company – Preferred Shares – Redemption at the Option of the Holder – Preferred Share Put Right*”.

“**U.S. Securities Act**” means the *U.S. Securities Act of 1933*, as amended.

“**VMS**” means vertical market software.

INDEX TO FINANCIAL STATEMENTS

TOPICUS.COM INC.

AUDITORS' REPORT

See attached.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Topicus.com Inc.

Opinion

We have audited the statement of financial position as at September 10, 2020 and notes thereto (hereinafter referred to as the financial statements) of Topicus.com Inc. (the Entity).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at September 10, 2020 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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' 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 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.

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 International Financial Reporting Standards, 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

December 18, 2020
Toronto, Canada

TOPICUS.COM INC.

STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 10, 2020 (AUDITED)

See attached.

Financial Statements
(In euros)

Topicus.com Inc.

As at September 10, 2020

Topicus.com Inc.

Statement of Financial Position

	September 10, 2020
Assets	
Current assets:	
Receivable from Constellation Software Inc.	0.0001
Total assets	0.0001
Shareholder's Equity	
Shareholder's equity:	
Common share	0.0001
	0.0001
Total shareholder's equity	0.0001

See accompanying notes to the financial statements.

Topicus.com Inc.

Notes to Financial Statements
(In euros, unless otherwise noted)
As at September 10, 2020

1. Incorporation and basis of presentation

Topicus.com Inc. (the ‘‘Company’’) was incorporated pursuant to the Business Corporations Act (Ontario) on September 10, 2020, with one common share issued to Constellation Software Inc. The Company is incorporated and domiciled in Canada. The address of its registered office is 20 Adelaide Street East, Toronto, Ontario, Canada. The Company has not commenced operations.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

These financial statements were approved by the Board of Directors on December 18, 2020.

2. Shareholder’s Equity

The Company is authorized to issue an unlimited number of common shares. The Company has issued one common share to Constellation Software Inc. for a subscription price of 0.0001. Holders of the common shares are entitled to one vote per common share at meetings of shareholders of the Company, to receive dividends if, as and when declared by the Board and to receive pro rata the remaining property and assets of the company upon its dissolution or winding-up.

CONSTELLATION SOFTWARE NETHERLANDS HOLDING COÖPERATIEF U.A.

AUDITORS' REPORT

See attached.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Constellation Software Netherlands Holding Coöperatief U.A.

Opinion

We have audited the consolidated financial statements of Constellation Software Netherlands Holding Coöperatief U.A. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2019, December 31, 2018 and January 1, 2018
- the consolidated statements of income for the years ended December 31, 2019 and December 31, 2018
- the consolidated statements of comprehensive income for the years ended December 31, 2019 and December 31, 2018
- the consolidated statements of changes in members' equity for the years ended December 31, 2019 and December 31, 2018
- the consolidated statements of cash flows for the years ended December 31, 2019 and December 31, 2018
- 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, 2019, December 31, 2018 and January 1, 2018, 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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' 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 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.

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 International Financial Reporting Standards, 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada
December 18, 2020

CONSTELLATION SOFTWARE NETHERLANDS HOLDING COÖPERATIEF U.A.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (AUDITED)

See attached.

Consolidated Financial Statements
(In euros)

Constellation Software
Netherlands Holding Coöperatief U.A.

For the years ended December 31, 2019 and 2018

Constellation Software Netherlands Holding Coöperatief U.A.

Consolidated Statements of Financial Position

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

	December 31, 2019	December 31, 2018	January 1, 2018
Assets			
Current assets:			
Cash	28,036	14,990	20,475
Accounts receivable	42,743	27,113	22,069
Unbilled revenue	9,571	6,591	6,747
Inventories	400	253	239
Other assets (note 5)	12,551	15,767	7,623
	93,302	64,714	57,153
Non-current assets:			
Property and equipment (note 6)	8,575	8,278	8,595
Right of use assets (note 7)	42,635	34,233	26,549
Deferred income taxes (note 14)	1,170	1,550	2,520
Other assets (note 5)	4,078	4,776	6,952
Intangible assets (note 8)	393,783	295,918	278,672
	450,242	344,755	323,288
Total assets	543,543	409,469	380,441
Liabilities and Members' Equity			
Current liabilities:			
Revolving credit facility (note 9)	49,169	43,808	80,471
Accounts payable and accrued liabilities	84,979	59,885	46,696
Deferred revenue	43,795	27,802	21,426
Provisions (note 11)	2,042	1,875	3,603
Acquisition holdback payables	5,462	1,617	3,549
Lease obligations (notes 12)	11,549	9,247	5,500
Income taxes payable (note 13)	3,580	1,604	125
	200,576	145,839	161,370
Non-current liabilities:			
Term loan (note 10)	32,274	-	-
Deferred income taxes (note 14)	71,525	50,936	58,660
Acquisition holdback payables	1,012	-	300
Lease obligations (notes 12)	30,483	24,193	20,622
Other liabilities (note 5)	5,279	32,695	32,849
	140,572	107,824	112,432
Total liabilities	341,148	253,663	273,801
Members' equity (note 15):			
Ordinary units	59,078	59,078	59,078
Accumulated other comprehensive income (loss)	(714)	(507)	(104)
Retained earnings	144,031	97,236	47,665
	202,395	155,806	106,640
Subsequent events (note 26)			
Total liabilities and members' equity	543,543	409,469	380,441

See accompanying notes to the consolidated financial statements.

Constellation Software Netherlands Holding Coöperatief U.A.

Consolidated Statements of Income

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

	Years ended December 31, 2019	2018
Revenue		
License	8,068	6,482
Professional services	111,915	103,530
Hardware and other	4,677	4,181
Maintenance and other recurring	292,740	241,769
	417,399	355,962
Expenses		
Staff	217,197	185,096
Hardware	3,193	2,081
Third party license, maintenance and professional services	39,962	35,492
Occupancy	3,156	5,971
Travel, telecommunications, supplies, software and equipment	14,643	11,953
Professional fees	7,006	6,571
Other, net	7,546	5,903
Depreciation	15,210	12,055
Amortization of intangible assets	46,301	37,331
	354,213	302,453
Finance costs and other (note 16)	4,480	5,702
	4,480	5,702
Income before income taxes	58,707	47,807
Current income tax expense (recovery)	20,555	17,771
Deferred income tax expense (recovery)	(8,314)	(17,489)
Income tax expense (recovery)	12,241	282
Net income	46,466	47,525
Weighted average units (note 17)		
Basic units outstanding	59,078,027	59,078,027
Diluted units outstanding	61,438,835	73,683,027
Earnings per unit (note 17)		
Basic	0.79	0.80
Diluted	0.76	0.67

See accompanying notes to the consolidated financial statements.

Constellation Software Netherlands Holding Coöperatief U.A.

Consolidated Statements of Comprehensive Income
(In thousands of euros, except per unit amounts. Due to rounding, numbers presented may not foot.)

	Years ended December 31, 2019	2018
Net income	46,466	47,525
Items that are or may be reclassified subsequently to net income:		
Foreign currency translation differences from foreign operations	(207)	(404)
Deferred income tax recovery (expense)	-	-
Other comprehensive (loss) income for the period, net of income tax	(207)	(404)
Total comprehensive income (loss) for the period	46,258	47,122

See accompanying notes to the consolidated financial statements.

Constellation Software Netherlands Holding Coöperatief U.A.

Consolidated Statements of Changes in Members' Equity
(In thousands of euros, except per unit amounts. Due to rounding, numbers presented may not foot.)

Year ended December 31, 2019	**Ordinary units**	**Accumulated other comprehensive (loss) income** Cumulative translation account	**Retained earnings**	**Total**
Balance at January 1, 2019	**59,078**	**(507)**	**97,236**	**155,806**
Total comprehensive income for the period:				
Net income	-	-	46,466	46,466
Other comprehensive income (loss)				
Foreign currency translation differences from foreign operations	-	(207)	-	(207)
Total other comprehensive income (loss) for the period	**-**	**(207)**	**-**	**(207)**
Total comprehensive income (loss) for the period	**-**	**(207)**	**46,466**	**46,258**
Capital contribution			330	330
Balance at December 31, 2019	**59,078**	**(714)**	**144,031**	**202,395**

See accompanying notes to the consolidated financial statements.

Constellation Software Netherlands Holding Coöperatief U.A.

Consolidated Statements of Changes in Members' Equity
(In thousands of euros, except per unit amounts. Due to rounding, numbers presented may not foot.)

Year ended December 31, 2018	Ordinary Units	Accumulated other comprehensive (loss) income Cumulative translation account	Retained earnings	Total
Balance at January 1, 2018	**59,078**	**(104)**	**47,665**	**106,640**
Total comprehensive income for the period:				
Net income	-	-	47,525	47,525
Other comprehensive income (loss)				
Foreign currency translation differences from foreign operations	-	(404)	-	(404)
Total other comprehensive income for the period	**-**	**(404)**	**-**	**(404)**
Total comprehensive income for the period	**-**	**(404)**	**47,525**	**47,122**
Capital contribution	-	-	2,045	2,045
Balance at December 31, 2018	**59,078**	**(507)**	**97,236**	**155,806**

See accompanying notes to the consolidated financial statements.

Constellation Software Netherlands Holding Coöperatief U.A.

Consolidated Statements of Cash Flows

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

	Years ended December 31, 2019	2018
Cash flows from operating activities:		
Net income	46,466	47,525
Adjustments for:		
Depreciation	15,210	12,055
Amortization of intangible assets	46,301	37,331
Finance costs and other (notes 16)	4,480	5,702
Income tax expense (recovery)	12,241	282
Change in non-cash operating assets and liabilities exclusive of effects of business combinations (note 24)	8,290	1,891
Income taxes paid	(11,620)	(21,684)
Net cash flows from operating activities	121,366	83,102
Cash flows from (used in) financing activities:		
Interest paid on lease obligations	(777)	(583)
Interest paid on other facilities	(2,450)	(2,100)
Increase (decrease) in Revolving credit facility	5,000	(37,000)
Proceeds from issuance of Term loan	34,000	-
Repayments of other debt facilities	(749)	-
Credit facility transaction costs	(1,775)	-
Payments of lease obligations	(10,389)	(8,074)
Repayment of preferred units classified as a liability	(9,723)	-
Repayment of unitholder loan	(19,487)	-
Net cash flows from (used in) in financing activities	(6,350)	(47,757)
Cash flows from (used in) investing activities:		
Acquisition of businesses (note 4)	(114,876)	(39,083)
Cash obtained with acquired businesses (note 4)	21,737	8,549
Post-acquisition settlement payments, net of receipts	(5,787)	(7,240)
Purchases of other investments	(480)	-
Property and equipment purchased	(2,565)	(3,056)
Net cash flows from (used in) investing activities	(101,970)	(40,830)
Effect of foreign currency on cash and cash equivalents	0	0
Increase (decrease) in cash	13,046	(5,485)
Cash, beginning of year	14,990	20,475
Cash, end of year	28,036	14,990

See accompanying notes to the consolidated financial statements.

CONSTELLATION SOFTWARE NETHERLANDS HOLDING COÖPERATIEF U.A.

Notes to Consolidated Financial Statements
(In thousands of euros, except per unit amounts and as otherwise indicated.)
(Due to rounding, numbers presented may not foot.)
Years ended December 31, 2019 and 2018

Notes to the consolidated financial statements

CONSTELLATION SOFTWARE NETHERLANDS HOLDING COÖPERATIEF U.A.

1. Reporting entity

Constellation Software Netherlands Holding Coöperatief U.A. ("CSNH") is a company domiciled in the Netherlands. The address of CSNH's registered office is Ringwade 61, 3439 LM in Nieuwegein, the Netherlands. The consolidated financial statements of CSNH as at and for the fiscal years ended December 31, 2019 and December 31, 2018 comprise CSNH and its subsidiaries (together referred to as the "Company") and the Company's interest in associates. The Company is engaged principally in the development, installation and customization of software and in 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). These are the Company's first consolidated financial statements prepared in accordance with IFRSs and IFRS 1 First-time adoption of International Financial Reporting Standards has been applied.

These consolidated financial statements were approved by the Board of Directors on December 18, 2020.

(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, and certain financial instruments and derivative financial instruments, which are measured at fair value.

(c) Functional and presentation currency

The consolidated financial statements are presented in euro, which is CSNH'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(k) - Revenue recognition

Note 3(a)(i) - Business combinations
Note 3(m) - Income taxes
Note 3(i) - Impairment
Note 3(d) - Intangible assets
Note 22 - 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 the (i) assessment as to whether certain customer contract obligations and deliverables related to multiple-element arrangements are distinct; (ii) recognition of deferred tax assets; and (iii) recognition of provisions.

- The Company uses judgment to assess whether multiple products and services sold in a contract are considered distinct and should be accounted for as separate performance obligations or together. Estimates are required to determine the estimated standalone selling price (SSP) for each distinct performance obligation in order to allocate revenue where multiple performance obligations exist in a contract. The Company exercises judgement in determining whether a contract's outcome can be estimated reliably. The Company also applies estimates in the calculation of future contract costs and related profitability as it relates to labour hours, costs and other considerations, which are used in determining the value of amounts recoverable on contracts and timing of revenue recognition. Estimates are continually and routinely revised based on changes in the facts relating to each contract. Judgement is also needed in assessing the ability to collect the corresponding receivables.

- 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.

- Provisions - in recognizing provisions, the Company evaluates the extent to which it is probable that it has incurred a legal or constructive obligation in respect of past events and the probability that there will be an outflow of benefits as a result. The judgements used to recognize provisions are based on currently known factors which may vary over time, resulting in changes in the measurement of recorded amounts as compared to initial estimates.

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.

(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 deemed likely to occur, then the accounting process in (b)(i) above is applied. 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, Revolving Credit Facility, Term Loan, accounts payable and accrued liabilities, income taxes payable and holdback assets or liabilities on acquisitions.

Financial assets are recognized in the consolidated statement of financial position if we have 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 Revolving Credit Facility, Term Loan, accounts payable and accrued liabilities, income taxes payable and holdbacks on acquisitions. 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.

Ordinary units are classified as equity. Incremental costs directly attributable to the issue of units 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 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.

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

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 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 10 years
Trademarks	2-5 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, 2019, EUR 53,036 (2018 – EUR 44,691) 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 2,379 for the year ended December 31, 2019 (2018 – EUR 1,502).

(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	Rate
Computer hardware	3-5 years
Computer software	3-5 years
Furniture, equipment and vehicles	3-10 years
Leasehold improvements	5-10 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, unitholder 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.

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 is addressed in note 3(f)) and deferred tax assets (which is 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 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. Professional service revenue consists of fees charged for implementation services, custom programming, product training and consulting. 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. 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 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 either on the achievement of contractually defined milestones or based on labour hours.

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.

(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 we intend 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.

(o) Earnings per unit

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

(p) 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 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.

(q) 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 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 is recognized as an expense on a straight-line basis over the lease term.

4. Business acquisitions

Business acquisitions during year ended December 31, 2019:

(a) During the year ended December 31, 2019, the Company completed a number of acquisitions for aggregate cash consideration of EUR 114,876 plus cash holdbacks of EUR 10,898 and contingent consideration with an estimated fair value of EUR 1,364 resulting in total consideration of EUR 127,137. The contingent consideration is payable on the achievement of certain financial targets in the post-acquisition periods. The obligation for contingent consideration for acquisitions during the year ended December 31, 2019 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 unpaid initial consideration is not expected to exceed a maximum of EUR 3,435. Aggregate contingent consideration of EUR 2,344 (December 31, 2018 – EUR 762) 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 477 was recorded for the year ended December 31, 2019, as a result of such changes. (recovery of EUR 375 for the year ended December 31, 2018).

There were no acquisitions during the year that were deemed to be individually significant. Nearly all the businesses acquired during the year 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 year ended December 31, 2019 include software companies catering to the following markets: automotive, public housing, hospitality, manufacturing plant performance, transit, retail management and distribution, quality management, financial services, healthcare, and project management 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 intangibles that do not qualify for separate recognition including assembled workforce, and synergies with existing businesses of the Company. Goodwill in the amount of EUR 49 is expected to be deductible for income tax purposes.

The gross contractual amounts of acquired receivables was EUR 18,046; however, the Company has recorded an allowance of EUR 945 as part of the acquisition accounting to reflect contractual cash flows that are not expected to be collected.

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

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 2019. The amounts determined on a provisional basis generally relate to net asset assessments and measurement of the assumed liabilities, including acquired contract liabilities. The cash consideration associated with these provisional estimates totals EUR 114,876.

The aggregate impact of acquisition accounting applied in connection with business acquisitions in the year ended December 31, 2019 is as follows:

Assets acquired:	
Cash	21,737
Accounts receivable	17,101
Other current assets	7,522
Property and equipment	2,223
Other non-current assets	11,119
Deferred income taxes	33
Technology assets	55,924
Customer assets	61,266
	176,925
Liabilities assumed:	
Current liabilities	22,469
Deferred revenue	15,303
Deferred income taxes	29,343
Other non-current liabilities	9,965
	77,081
Goodwill	27,293
Total consideration	**127,137**

(b) The 2019 business acquisitions contributed revenue of EUR 49,075 and a net loss EUR 3,979 during the year ended December 31, 2019. If these acquisitions had occurred on January 1, 2019, the Company estimates that consolidated revenue would have been EUR 452,013 and consolidated net income for the year ended December 31, 2019 would have been EUR 44,419 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, 2019. The net income from acquisitions includes the associated amortization of acquired intangible assets recognized as if the acquisitions had occurred on January 1, 2019.

Business acquisitions during year ended December 31, 2018:

(a) During the year ended December 31, 2018, the Company completed a number of acquisitions for aggregate cash consideration of EUR 39,083 plus cash holdbacks of EUR 6,456 and contingent consideration with an estimated fair value of EUR 552 resulting in total consideration of EUR 46,091. The contingent consideration is payable on the achievement of certain financial targets in the post-acquisition periods. The obligation for contingent consideration for acquisitions during the year ended December 31, 2018 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 unpaid initial consideration is not expected to exceed a maximum of EUR 552.

There were no acquisitions during the year that were deemed to be individually significant. All the businesses acquired during the year 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 year ended December 31, 2018 include software companies catering to the following markets: insurance, public housing authorities, fashion retail, retail management and distribution, healthcare, local government, education and horticulture 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 intangibles that do not qualify for separate recognition including assembled workforce, and synergies with existing businesses of the Company. Goodwill in the amount of EUR nil is expected to be deductible for income tax purposes.

The gross contractual amounts of acquired receivables was EUR 8,526; however, the Company has recorded an allowance of EUR 59 as part of the acquisition accounting to reflect contractual cash flows that are not expected to be collected.

The aggregate impact of acquisition accounting applied in connection with business acquisitions in the year ended December 31, 2018 is as follows:

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

CONSTELLATION SOFTWARE NETHERLANDS HOLDING COÖPERATIEF U.A.

Assets acquired:	
Cash	8,549
Accounts receivable	8,467
Other current assets	3,279
Property and equipment	1,149
Other non-current assets	3,026
Deferred income taxes	36
Technology assets	19,733
Customer assets	28,078
	72,317
Liabilities assumed:	
Current liabilities	11,989
Deferred revenue	6,615
Deferred income taxes	10,614
Other non-current liabilities	3,869
	33,088
Goodwill	6,861
Total consideration	**46,091**

(b) The 2018 business acquisitions contributed revenue and net income of EUR 62,909 and EUR 2,455 during the year ended December 31, 2018. If these acquisitions had occurred on January 1, 2018, the Company estimates that consolidated revenue would have been EUR 362,851 and consolidated net income for the year ended December 31, 2018 would have been EUR 47,064 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, 2018. The net income from acquisitions includes the associated amortization of acquired intangible assets recognized as if the acquisitions had occurred on January 1, 2018.

5. Other assets and liabilities

(a) Other assets

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

	December 31, 2019	December 31, 2018	January 1, 2018
Prepaid and other current assets	9,574	9,562	7,081
Sales tax receivable	480	664	535
Equity securities held for trading	480	-	-
Other receivables	2,018	5,541	7
Total other current assets	12,551	15,767	7,623
Costs to obtain a contract	379	651	600
Non-current trade and other receivables and other assets	3,605	3,638	4,466
Equity accounted investees	95	487	1,886
Total other non-current assets	4,078	4,776	6,952

(b) Other liabilities

	December 31, 2019	December 31, 2018	January 1, 2018
Contingent consideration	1,453	592	670
Deferred revenue	1,981	1,132	1,050
Loans payable to Constellation Software Inc.	-	20,134	20,134
Preferred units held by minority unitholders	-	9,723	9,723
Other non-current liabilities	1,845	1,114	1,272
Total other non-current liabilities	5,279	32,695	32,849

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

CONSTELLATION SOFTWARE NETHERLANDS HOLDING COÖPERATIEF U.A.

6. Property and equipment

	Computer hardware	Computer software	Furniture, equipment and vehicles	Leasehold improvements	Total
Cost					
Balance at January 1, 2018	11,763	4,239	2,059	3,378	21,439
Additions	1,598	347	705	405	3,056
Acquisitions through business combinations	639	87	361	32	1,118
Disposals / retirements / other	(3,833)	(837)	(19)	(314)	(5,002)
Balance at December 31, 2018	10,167	3,836	3,107	3,501	20,611
Balance at January 1, 2019	10,167	3,836	3,107	3,501	20,611
Additions	1,552	420	334	259	2,565
Acquisitions through business combinations	713	96	906	495	2,210
Disposals / retirements / other	(3,227)	(1,500)	(883)	(610)	(6,220)
Balance at December 31, 2019	9,204	2,852	3,464	3,646	19,167
Depreciation and impairment losses					
Balance at January 1, 2018	7,091	2,674	1,072	2,006	12,845
Depreciation charge for the year	2,667	808	539	477	4,491
Disposals / retirements / other	(4,010)	(696)	(56)	(240)	(5,002)
Balance at December 31, 2018	5,748	2,787	1,555	2,243	12,334
Balance at January 1, 2019	5,748	2,787	1,555	2,243	12,334
Depreciation charge for the year	2,539	703	754	482	4,478
Disposals / retirements / other	(3,283)	(1,641)	(732)	(564)	(6,220)
Balance at December 31, 2019	5,004	1,849	1,578	2,161	10,592
Carrying amounts:					
At January 1, 2018	4,672	1,564	987	1,372	8,595
At December 31, 2018	4,418	1,050	1,551	1,258	8,278
At January 1, 2019	4,418	1,050	1,551	1,258	8,278
At December 31, 2019	4,200	1,003	1,886	1,485	8,575

CONSTELLATION SOFTWARE NETHERLANDS HOLDING COÖPERATIEF U.A.

Notes to Consolidated Financial Statements
(In thousands of euros, except per unit amounts and as otherwise indicated.)
(Due to rounding, numbers presented may not foot.)
Years ended December 31, 2019 and 2018

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, 2018	4,489	4,198	135	17,682	44	26,549
Additions	2,318	2,880	-	7,177	-	12,375
Acquisitions through business combinations	748	171	-	2,460	14	3,393
Disposals / retirements	(772)	(569)	(1)	(341)	125	(1,557)
Balance at December 31, 2018	6,783	6,680	135	26,979	183	40,760
Balance at January 1, 2019	6,783	6,680	135	26,979	183	40,760
Additions	883	3,354	219	9,826	127	14,410
Acquisitions through business combinations	26	762	115	9,779	-	10,682
Disposals / retirements	(181)	(526)	(12)	(5,390)	(8)	(6,117)
Balance at December 31, 2019	7,511	10,270	457	41,194	302	59,734
Depreciation and impairment losses						
Balance at January 1, 2018	-	-	-	-	-	-
Depreciation charge for the year	2,092	1,895	35	3,605	(64)	7,564
Disposals / retirements	(514)	(379)	(1)	(227)	83	(1,038)
Balance at December 31, 2018	1,578	1,516	35	3,378	20	6,527
Balance at January 1, 2019	1,578	1,516	35	3,378	20	6,527
Depreciation charge for the year	1,912	2,670	47	6,024	79	10,731
Disposals / retirements	(17)	(41)	-	(92)	(8)	(159)
Balance at December 31, 2019	3,472	4,145	81	9,310	91	17,099
Carrying amounts:						
At January 1, 2018	4,489	4,198	135	17,682	44	26,549
At December 31, 2018	5,205	5,164	100	23,600	163	34,233
At January 1, 2019	5,205	5,164	100	23,600	163	34,233
At December 31, 2019	4,039	6,126	376	31,884	211	42,635

CONSTELLATION SOFTWARE NETHERLANDS HOLDING COÖPERATIEF U.A.

Notes to Consolidated Financial Statements
(In thousands of euros, except per unit amounts and as otherwise indicated.)
(Due to rounding, numbers presented may not foot.)
Years ended December 31, 2019 and 2018

8. Intangible assets and goodwill

	Technology Assets	Customer Assets	Trademarks	Goodwill	Total
Cost					
Balance at January 1, 2018	154,442	182,467	6,300	73,669	416,878
Acquisitions through business combinations	20,067	28,078	-	6,716	54,861
Effect of movements in foreign exchange and other	(74)	(125)	(0)	(86)	(285)
Balance at December 31, 2018	174,435	210,420	6,300	80,299	471,455
Balance at January 1, 2019	174,435	210,420	6,300	80,299	471,455
Acquisitions through business combinations	55,924	61,176	-	26,953	144,052
Effect of movements in foreign exchange and other	(61)	(55)	-	230	113
Balance at December 31, 2019	230,297	271,541	6,300	107,482	615,620
Accumulated amortization and impairment losses					
Balance at January 1, 2018	95,668	41,278	1,260	-	138,206
Amortization for the period	21,298	15,718	315	-	37,331
Balance at December 31, 2018	116,966	56,996	1,575	-	175,537
Balance at January 1, 2019	116,966	56,996	1,575	-	175,537
Amortization for the period	26,811	19,174	315	-	46,301
Balance at December 31, 2019	143,777	76,170	1,890	-	221,838
Carrying amounts					
At January 1, 2018	58,774	141,189	5,040	73,669	278,672
At December 31, 2018	57,469	153,424	4,725	80,299	295,918
At January 1, 2019	57,469	153,424	4,725	80,299	295,918
At December 31, 2019	86,520	195,371	4,410	107,482	393,783

Impairment testing for cash-generating units containing goodwill

The annual impairment test of goodwill was performed as of December 31, 2019 and 2018 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, 2019.

The Company has four 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, 2019 is EUR 22,079, EUR 22,342, EUR 23,170 and EUR 18,359. 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.

9. Revolving Credit Facility

On July 7, 2017, the Company entered into a credit facility (the "Revolving Credit Facility") with a number of European financial institutions. Under this credit facility, the Company will be able to borrow up to EUR 300,000 under a multicurrency revolving loan facility and up to EUR 50,000 under an additional uncommitted term loan facility. The Revolving Credit Facility has a term until July 7, 2024. The Revolving Credit Facility bears interest at a rate calculated at EURIBOR plus interest rate spreads based on a leverage table. The Revolving Credit Facility is collateralized by substantially all the assets owned by the Company and its subsidiaries, except for the entities secured under the Term Loan. The 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, 2019, EUR 50,000 (December 31, 2018 – EUR 45,000) had been drawn from this credit facility. Transaction costs associated with the 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 49,169 (December 31, 2018 – EUR 43,808) and has been classified as a short-term liability in the consolidated statement of financial position. The Company's intent is to repay the outstanding balance of the revolver within the next 12 months. As at December 31, 2019, the carrying amount of costs relating to this Revolving Credit Facility totaled EUR 831 (December 31, 2018 – EUR 1,192).

10. Term Loan

On August 1, 2019, the Company acquired Salvia Développement SAS ("Salvia"). On October 29, 2019 Salvia Holding SAS closed the funding with CVC Credit Partners ("CVC Credit"), amounting to EUR 34,000, to provide a long-term financial structure for Salvia (the "Term Loan"). The transaction and related debt do not form part of the Revolving Credit Facility and related conditions. Covenants and guarantees to this loan are monitored and reported based on the financial position and financial performance of Salvia.

The loan has a maturity date of October 31, 2025 and the Loan bears an interest rate between 6 – 6.75% plus EURIBOR (2019: 6.75%). Transaction costs associated with the loan 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 32,274. As of December 31, 2019, the carrying amount of such costs relating to this loan totalling approximately EUR 1,726.

11. Provisions

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

CONSTELLATION SOFTWARE NETHERLANDS HOLDING COÖPERATIEF U.A.

At January 1, 2018	3,603
Reversal	(32)
Provisions recorded during the period	2,501
Provisions used during the period	(4,139)
Effect of movements in foreign exchange	(57)
At December 31, 2018	1,875

At January 1, 2019	1,875
Reversal	(220)
Provisions recorded during the period	3,741
Provisions used during the period	(3,355)
Effect of movements in foreign exchange and other	(0)
At December 31, 2019	2,042
Provisions classified as current liabilities	2,042
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.

12. Lease obligations

The following table presents the expected maturity of the undiscounted cash flows for lease obligations as at December 31, 2019:

	December 31, 2019
Less than 1 year	11,445
Between 1 and 5 years	25,197
More than 5 years	7,882
Total	44,524
Less: Impact of discounting	(2,493)
Lease obligation recorded on balance sheet	42,031

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

CONSTELLATION SOFTWARE NETHERLANDS HOLDING COÖPERATIEF U.A.

The expense relating to variable lease payments not included in the measurement of lease obligations was EUR 3 (2018 – EUR 3). This consists primarily of variable lease payments for property taxes. Expenses relating to short-term leases were EUR 2,075 (2018 – EUR 4,075), expenses relating to leases of low value assets were EUR nil (2018 – EUR nil) and sublease income was EUR nil (2018 – EUR nil). Total cash outflow for leases was EUR 13,244 (2018 – EUR 12,736).

13. Income taxes

(a) Tax recognized in profit or loss

	2019	**2018**
Tax recognized in profit or loss		
Current tax expense (recovery)		
Current year	22,002	18,850
Adjustment for prior years	(1,447)	(1,079)
	20,555	17,771
Deferred tax expense (recovery)		
Origination and reversal of temporary differences	(10,208)	(8,937)
Effect of change in future tax rates	1,737	(7,028)
Change in recognized temporary differences and unrecognized tax losses	(638)	(932)
Adjustment for prior years	795	(591)
	(8,314)	(17,489)
Total tax expense (recovery)	**12,241**	**282**

(b) Reconciliation of effective tax rate

CONSTELLATION SOFTWARE NETHERLANDS HOLDING COÖPERATIEF U.A.

Notes to Consolidated Financial Statements
(In thousands of euros, except per unit amounts and as otherwise indicated.)
(Due to rounding, numbers presented may not foot.)
Years ended December 31, 2019 and 2018

	2019	2018
Net income for the year	46,466	47,525
Total tax expense	12,241	282
Net income before tax	58,707	47,807
Income tax expense using the Company's statutory tax rate of 25% (2018 - 25%)	14,677	11,952
Impact on taxes from:		
Foreign tax rate differential	143	1,566
Other, including non deductible expenses and non taxable income	287	(695)
R&D and other allowances	(3,313)	(2,910)
Change in recognized temporary differences and unrecognized tax losses	(638)	(932)
Effect of change in future tax rates	1,737	(7,028)
Under (over) provisions in prior years	(652)	(1,670)
	12,241	282

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.

14. Deferred tax assets and liabilities

(a) Unrecognized deferred tax liabilities

The aggregate amount of temporary differences associated with investments in subsidiaries for which we have not recognized deferred tax liabilities is EUR 35,681 (2018: EUR 15,030) 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

	2019	2018
Non capital tax losses	4,370	7,162

Non-capital tax losses of EUR 4,370 (2018 – 7,162 EUR) can be carried forward indefinitely. The deductible temporary differences and capital losses do not expire under current tax legislation. Deferred tax assets have not been recognized in respect of those items because it is not probable that future taxable profit will be available in those jurisdictions against which the Company can utilize these benefits.

CONSTELLATION SOFTWARE NETHERLANDS HOLDING COÖPERATIEF U.A.

Notes to Consolidated Financial Statements
(In thousands of euros, except per unit amounts and as otherwise indicated.)
(Due to rounding, numbers presented may not foot.)
Years ended December 31, 2019 and 2018

(c) Recognized deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2019	2018	2019	2018	2019	2018
Property, plant and equipment	479	457	-	-	479	457
Intangible assets	-	-	(73,043)	(51,871)	(73,043)	(51,871)
Reserves	581	579	-	-	581	579
Non capital loss carryforwards	1,045	1,448	-	-	1,045	1,448
SR&ED expenditure pool	377	-	-	-	377	-
Other, including capital losses, withholding tax and foreign exchange	207	-	-	-	207	-
Tax assets (liabilities)	2,688	2,485	(73,043)	(51,871)	(70,355)	(49,386)
Reclassification	(1,518)	(935)	1,518	935	-	-
Net tax assets (liabilities)	1,170	1,550	(71,525)	(50,936)	(70,355)	(49,386)

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.

(d) Movement in deferred tax balances during the year

	Balance January 1, 2019	Recognized in profit or loss	Recognized in other comprehensive income	Acquired in business combinations	Other	Balance December 31, 2019
Property, plant and equipment	457	12	-	9	-	479
Intangible assets	(51,871)	8,149	-	(29,321)	-	(73,043)
Reserves	579	2	-	-	-	581
Non-capital loss carryforwards	1,448	(410)	-	6	-	1,045
SR&ED expenditure pool	-	358	-	19	-	377
Other, including capital losses and withholding tax	-	203	(0)	-	4	207
	(49,386)	8,314	(0)	(29,287)	4	(70,355)

	Balance January 1, 2018	Recognized in profit or loss	Recognized in other comprehensive income	Acquired in business combinations	Other	Balance December 31, 2018
Property, plant and equipment	338	101	-	19	-	457
Intangible assets	(56,846)	15,929	-	(10,954)	-	(51,871)
Reserves	32	547	-	-	-	579
Non-capital loss carryforwards	1,607	(191)	-	32	-	1,448
Other, including capital losses, withholding tax and foreign exchange	(1,271)	1,104	-	351	(184)	-
	(56,140)	17,489	-	(10,551)	(184)	(49,386)

15. Members' equity

Ordinary Units

The Company's authorized ordinary units, amounting to EUR 59,078 (2018: EUR 59,078), consist of 59,078,027 ordinary units of EUR 1.00 each.

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

CONSTELLATION SOFTWARE NETHERLANDS HOLDING COÖPERATIEF U.A.

	Ordinary Units	
	Number	Amount
December 31, 2019	59,078,027	59,078
December 31, 2018	59,078,027	59,078

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.

16. Finance costs and other

	Years ended December 31,	
	2019	2018
Interest expense on debt	2,729	2,643
Interest expense on lease obligations	776	727
Amortization of debt related transaction costs	411	337
Bargain purchase gain	(241)	-
Share in net (income) loss of equity investee	(23)	(671)
Foreign exchange loss (gain)	(35)	186
Other finance costs (income)	862	2,480
Finance costs and other	4,480	5,702

17. Earnings per unit

Basic and diluted earnings per unit

CONSTELLATION SOFTWARE NETHERLANDS HOLDING COÖPERATIEF U.A.

Notes to Consolidated Financial Statements
(In thousands of euros, except per unit amounts and as otherwise indicated.)
(Due to rounding, numbers presented may not foot.)
Years ended December 31, 2019 and 2018

	Years ended December 31, 2019	2018
Basic earnings per unit:		
Numerator:		
Net income	46,466	47,525
Denominator:		
Basic units outstanding	59,078,027	59,078,027
Earnings per unit		
Basic	0.79	0.80
Diluted earnings per unit:		
Numerator:		
Net income	46,466	47,525
Imputed interest on convertible units	330	2,045
Net income to be used for diluted earnings per unit	46,796	49,570
Denominator:		
Basic units outstanding	59,078,027	59,078,027
Effect of dilutive units	2,360,808	14,605,000
Diluted units outstanding	61,438,835	73,683,027
Earnings per unit		
Diluted	0.76	0.67

18. 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 unitholders. The Company manages its capital with the objective of ensuring that there are adequate capital resources while maximizing the return to unitholders through the optimization of the debt and equity balance. The capital structure of the Company consists of cash, Revolving Credit Facility, Term Loan, loans from unitholders, and components of members' equity including retained earnings and ordinary units.

The Company is subject to certain covenants on its Revolving Credit Facility. The covenants include a leverage ratio and an interest coverage ratio. The Term Loan is also subject to certain covenants. The Company monitors the ratios on a quarterly basis. As at December 31, 2019 and 2018, the Company is in compliance with its debt covenants. Other than the covenants required for the Revolving Credit Facility and the Term Loan, 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 the revolving line of credit 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.

19. 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 its 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 Revolving Credit Facility, there would be a corresponding decrease in income before tax of EUR 500. 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 Loan. If there was a 1% increase in the interest rate on the Term Loan, there would be a corresponding decrease in income before tax of EUR 340. 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 18 to the consolidated financial statements. The Company's growth is financed through a combination of cash flows from operations and borrowing under the Revolving Credit Facility and the Term Loan. 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 Company's Revolving Credit Facility and the Term Loan are disclosed in note 9 and note 10 to the consolidated financial statements. As at December 31, 2019, available credit in respect of the Company's Revolving Credit facility was EUR 250,000.

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.

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

CONSTELLATION SOFTWARE NETHERLANDS HOLDING COÖPERATIEF U.A.

The aging of accounts receivables at the reporting date was:

	December 31, 2019	December 31, 2018	January 1, 2018
Current			
Gross	38,723	25,273	20,306
Impairment	(131)	(175)	(450)
Net	38,592	25,098	19,856
90-180 days			
Gross	2,757	1,648	1,260
Impairment	(266)	(911)	(66)
Net	2,491	737	1,195
More than 180 days			
Gross	3,863	2,013	3,105
Impairment	(2,203)	(734)	(2,087)
Net	1,660	1,279	1,018
Total accounts receivable			
Gross	45,343	28,933	24,671
Impairment	(2,600)	(1,819)	(2,602)
Net	42,743	27,113	22,069

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.

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

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

	2019	2018
Aggregate balance at January 1	1,819	2,602
Increase from business acquisitions	945	87
Impairment loss recognized	1,922	1,449
Impairment loss reversed	(1,731)	(2,026)
Amounts written off	(356)	(292)
Other movements	0	-
Aggregate balance at December 31	2,600	1,819
Allowance for doubtful accounts arising from business combinations	941	75

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, income taxes payable, the majority of acquisition holdbacks, Term Loan and the Revolving Credit Facility, approximate their fair values due to the short-term nature of these instruments. Bank debt is subject to market interest rates.

Reconciliation of cash flows from financing activities

The following table reconciles the changes in cash flows from financing activities for the Revolving Credit Facility, lease liability, loan from CSI, preferred units and Term Loan, that is outstanding as at December 31:

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

	Revolving Credit Facility	Term Loan	Loan payable to CSI	Preferred Units	Lease liability
Balance at January 1, 2019	43,808	-	20,134	9,723	33,440
Proceeds from issuance of term debt facilities	-	34,000	-	-	-
Repayments of related party loan balances	-	-	(19,487)	(9,723)	-
Increase (decrease) in the Revolving Credit Facility	5,000	-	-	-	-
Payments of lease obligations	-	-	-	-	(10,389)
Credit facility transaction costs	-	(1,775)	-	-	-
Total financing cash flow activities	5,000	32,225	(19,487)	(9,723)	(10,389)
Imputed interest expense	-	-	220	110	-
Capital contribution	-	-	(220)	(110)	-
Amortization of debt related transaction costs	362	49	-	-	-
New leases, net of terminations and modifications	-	-	-	-	18,979
Total financing non-cash activities	362	49	-	-	18,979
Balance at December 31, 2019	49,170	32,274	647	-	42,031

	Revolving Credit Facility	Loan payable to CSI	Preferred Units	Lease liability
Balance at January 1, 2018	80,471	20,134	9,723	26,122
Increase (decrease) in Revolving Credit Facility	(37,000)	-	-	-
Payment of lease obligations	-	-	-	(8,074)
Total financing cash flow activities	(37,000)	-	-	(8,074)
Imputed interest	-	1,364	681	-
Imputed capital contribution	-	(1,364)	(681)	-
Amortization of debt related transaction costs	337	-	-	-
New leases, net of terminations and modifications	-	-	-	15,392
Total financing non-cash activities	337	-	-	15,392
Balance at December 31, 2018	43,808	20,134	9,723	33,440

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.

Financial assets and financial liabilities measured at fair value as at December 31, 2019 and December 31, 2018 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.

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

	December 31, 2019				December 31, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Equity securities held for trading	480	-	-	480	-	-	-	-
	480	**-**	**-**	**480**	**-**	**-**	**-**	**-**
Liabilities:								
Contingent consideration	-	-	2,344	2,344	-	-	762	762
	-	**-**	**2,344**	**2,344**	**-**	**-**	**762**	**762**

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, 2019 and 2018.

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.

	2019	2018
Balance at January 1	762	750
Increase from business acquisitions	1,364	552
Cash recoveries (payments)	(259)	(165)
Charges through profit or loss	477	(375)
Foreign exchange and other movements	0	-
Balance at December 31, 2019	2,344	762
Contingent consideration classified as current liabilities	891	170
Contingent consideration classified as other non-current liabilities	1,453	592

Estimates of the fair value of contingent consideration is 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.

20. Revenue

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

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

CONSTELLATION SOFTWARE NETHERLANDS HOLDING COÖPERATIEF U.A.

Unbilled Revenue:

	2019	2018
At January 1	9,589	9,474
Increase from business acquisitions	2,174	85
Decrease from transfers to accounts receivable	(21,668)	(31,183)
Increase from changes as a result of the measure of progress	21,881	31,389
Foreign exchange and other movements	(13)	(176)
At December 31	11,964	9,589
Unbilled revenue classified as a current asset	9,571	6,591
Unbilled revenue classified as a other non-current asset	2,393	2,998

Deferred Revenue:

	2019	2018
At January 1	28,934	22,476
Increase from business acquisitions	15,604	6,233
Decrease from revenue recognized that was included in the deferred revenue balance at the beginning of the period	(27,654)	(21,352)
Decrease from revenue recognized that arose from acquired deferred revenue balances in the current year	(15,604)	(6,233)
Increase due to cash received, excluding amounts recognized as revenue during the period	44,473	27,769
Foreign exchange and other movements	22	41
At December 31	45,775	28,934
Deferred revenue classified as a current liability	43,795	27,802
Deferred revenue classified as a other non-current liability	1,981	1,132

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 be invoiced and recognized as revenue in future periods. Contracted not yet recognized revenue was approximately EUR 400,000 as of December 31, 2019, of which we expect to recognize an estimated 54% of the revenue over the next 12 months and the remainder thereafter.

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

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, 2019 is EUR 554 (December 31, 2018 – EUR 651). The amount of amortization expense for the year ended December 31, 2019 was EUR 175 (December 31, 2018 – EUR nil) and there was no impairment loss in relation to the costs capitalized.

21. Segments

Each of the Company's operating segments operate essentially as "mini CSNH 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 CSNH'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 information on the basis of geographical segments, segment revenue is based on the location of the customer. Segment assets are based on the geographic locations of the assets.

Year ended December 31, 2019	The Netherlands	Rest of World	Total
Revenue	299,534	117,865	417,399
Non-current assets	275,917	174,324	450,242

Year ended December 31, 2018	The Netherlands	Rest of World	Total
Revenue	284,488	71,474	355,962
Non-current assets	283,658	61,097	344,755

Major customers

No customer represents revenue in excess of 5% of total revenue in both years ended December 31, 2019 and 2018.

22. Contingencies

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

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.

23. 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.

24. Changes in non-cash operating working capital

	Year ended December 31, 2019	Year ended December 31, 2018
Decrease (increase) in current accounts receivable	455	2,693
Decrease (increase) in current unbilled revenue	(979)	141
Decrease (increase) in other current assets	2,091	546
Decrease (increase) in inventories	(21)	62
Decrease (increase) in other non-current assets	1,135	1,187
Increase (decrease) in other non-current liabilities	(95)	(640)
Increase (decrease) in current accounts payable and accrued liabilities, excluding holdbacks from acquisitions	5,609	(128)
Increase (decrease) in current deferred revenue	407	(242)
Increase (decrease) in current provisions	(312)	(1,728)
Change in non-cash operating working capital	8,290	1,891

25. 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, members, directors, key management personnel and companies that are under common control of our controlling unitholder, Constellation Software Inc. ("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 the shareholders of Constellation Netherlands Holding Coöperatief U.A., as explained below.

Transactions with CSI

The Company had a loan of EUR 19,487 payable to CSI. The loan was non-interest bearing, maturing in 2024, and could be repaid at any time by the Company. The loan was included within other liabilities as of December 31, 2018. The loan was convertible into ordinary units at a price per ordinary unit equal to two times the issue price of the initial ordinary units (EUR 2.00). During the year ended December 31, 2019, the Company recorded an imputed interest expense of EUR 220 (2018: EUR 1,364) and an off-setting capital contribution relating to this loan. The loan was fully repaid in 2019.

The Company also 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 year ended December 31, 2019 was EUR 3,373 (December 31, 2018 - EUR 3,669).

The ending payable balance to CSI (included within accounts payable and accrued liabilities) as at December 31, 2019 was EUR 1,254 (December 31, 2018 – EUR 19,946, the current portion included within accounts payable and accrued liabilities and the long-term portion included within other liabilities).

Transactions with minority unitholders of the Company

The Company had a liability which consists of preferred units of the minority members in the Members' equity of Constellation Software Netherlands Holding Coöperatief U.A. The preferred unit liability of EUR 9,723 was included within other liabilities as of December 31, 2018. The preferred unit liability was convertible into ordinary units at a price per ordinary unit equal to two times the issue price of the initial ordinary units (EUR 2.00). During the year ending December 31, 2019, the Company recorded an imputed interest expense of 110 EUR (2018: 681 EUR) and an off-setting capital contribution relating to this liability. The liability was fully repaid in 2019.

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, 2019 (included within professional services revenue) relating to such arrangements was EUR 4,490 (December 31, 2018 – EUR 3,775). The ending receivable balance (included within accounts receivable) as at December 31, 2019 relating to these arrangements was EUR 510 (December 31, 2018 – EUR 439).

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.

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

	Years ended December 31,	
	2019	2018
Salaries, bonus and employee benefits	3,968	4,200
Total	3,968	4,200

There were no significant post-employment benefits, other long-term benefits, or share-based payments attributed to the key management personnel in 2019 and 2018.

26. Subsequent events

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.

Subsequent to December 31, 2019, the Company completed or entered into agreements (excluding Topicus.com B.V. as described in the next paragraph) to acquire a number of businesses for aggregate cash consideration of EUR 99,679 on closing plus cash holdbacks of EUR 13,326 and contingent consideration with an estimated fair value of EUR 1,691 for total consideration of EUR 114,696. The business acquisitions include companies catering primarily to the healthcare, education, trade unions, manufacturing plant performance, computerized maintenance management systems, marine asset management, real estate, retail management and distribution, local government, human capital, accounting and textiles and apparel verticals and are all software companies similar to the existing business of the Company.

On May 20, 2020 the Company entered into a binding agreement with IJssel B.V. (the "Seller") to purchase 100% of the shares of Topicus.com B.V. ("Topicus"), a Netherlands-based diversified vertical market software provider. The transaction is currently expected to close in 2021, subject to the satisfaction of certain closing conditions. The purchase of Topicus will be financed with the Company's cash on hand and its existing revolving line of credit and requires no additional funding from CSI. Consideration will be in the form of a cash payment plus the issuance to the Seller of approximately 9% of the shares of the new operating group Topicus.com (the merged CSNH and Topicus economic entity). Annual gross revenues of Topicus for 2019 were approximately EUR 101,000 and total tangible assets at December 31, 2019 were approximately EUR 7,000.

CONSTELLATION SOFTWARE NETHERLANDS HOLDING COÖPERATIEF U.A.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019 (UNAUDITED)

See attached.

Condensed Consolidated Interim Financial Statements
(In euros)

Constellation Software Netherlands Holding Coöperatief U.A.

For the three and nine months ended September 30, 2020 and 2019
Unaudited

Constellation Software Netherlands Holding Coöperatief U.A.

Condensed Consolidated Interim Statements of Financial Position
(In thousands of euros, except per unit amounts. Due to rounding, numbers presented may not foot.)
Unaudited

	September 30, 2020	December 31, 2019	September 30, 2019
Assets			
Current assets:			
Cash	47,171	28,036	28,011
Accounts receivable	37,275	42,743	35,508
Unbilled revenue	13,753	9,571	8,216
Inventories	454	400	414
Other assets (note 5)	14,928	12,551	19,562
	113,581	93,302	91,711
Non-current assets:			
Property and equipment	7,745	8,575	8,829
Right of use assets	45,723	42,635	41,364
Deferred income taxes	638	1,170	942
Other assets (note 5)	4,423	4,078	4,092
Intangible assets (note 6)	406,472	393,783	412,282
	465,001	450,242	467,509
Total assets	578,582	543,543	559,220
Liabilities and Members' Equity			
Current liabilities:			
Revolving credit facility (note 7)	-	49,169	89,104
Accounts payable and accrued liabilities	74,197	84,979	70,745
Deferred revenue	82,213	43,795	69,412
Provisions (note 9)	1,032	2,042	1,385
Acquisition holdback payables	8,385	5,462	14,776
Lease obligations	12,329	11,549	9,165
Income taxes payable (note 10)	7,637	3,580	3,074
	185,793	200,576	257,661
Non-current liabilities:			
Term loan (note 8)	32,794	32,274	-
Deferred income taxes	68,952	71,525	74,573
Acquisition holdback payables	-	1,012	625
Lease obligations	32,569	30,483	31,927
Other liabilities (note 5)	5,690	5,279	3,466
	140,005	140,572	110,591
Total liabilities	325,798	341,148	368,252
Members' equity (note 11):			
Ordinary units	59,078	59,078	59,078
Accumulated other comprehensive income (loss)	(1,148)	(714)	(910)
Retained earnings	194,854	144,031	132,799
	252,784	202,395	190,967
Subsequent events (note 18)			
Total liabilities and members' equity	578,582	543,543	559,220

See accompanying notes to the condensed consolidated interim financial statements.

Constellation Software Netherlands Holding Coöperatief U.A.

Condensed Consolidated Interim Statements of Income

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

Three and nine months ended September 30, 2020 and 2019
Unaudited

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Revenue				
License	3,794	1,687	9,528	4,843
Professional services	28,226	26,130	84,191	79,855
Hardware and other	1,397	1,168	3,804	3,491
Maintenance and other recurring	87,788	72,985	259,057	212,300
	121,205	101,970	356,580	300,489
Expenses				
Staff	59,983	53,369	183,137	155,223
Hardware	1,058	872	2,287	2,182
Third party license, maintenance and professional services	11,243	9,635	32,626	29,034
Occupancy	870	846	2,637	2,358
Travel, telecommunications, supplies, software and equipment	3,003	3,800	9,939	10,390
Professional fees	2,438	2,396	6,203	5,330
Other, net	449	1,322	2,943	4,864
Depreciation	4,365	3,958	12,750	11,019
Amortization of intangible assets	12,472	12,310	36,567	33,056
	95,880	88,508	289,089	253,456
Finance costs and other (note 12)	1,402	1,182	4,693	3,270
	1,402	1,182	4,693	3,270
Income before income taxes	23,922	12,280	62,798	43,763
Current income tax expense (recovery)	7,318	5,483	20,583	14,993
Deferred income tax expense (recovery)	(2,657)	(1,788)	(8,608)	(6,464)
Income tax expense (recovery)	4,661	3,695	11,976	8,529
Net income	19,262	8,586	50,823	35,234
Weighted average units (note 13)				
Basic units outstanding	59,078,027	59,078,027	59,078,027	59,078,027
Diluted units outstanding	59,078,027	59,078,027	59,078,027	62,234,419
Earnings per unit (note 13)				
Basic	0.33	0.15	0.86	0.60
Diluted	0.33	0.15	0.86	0.57

See accompanying notes to the condensed consolidated interim financial statements.

Constellation Software Netherlands Holding Coöperatief U.A.

Condensed Consolidated Interim Statements of Comprehensive Income
(In thousands of euros, except per unit amounts. Due to rounding, numbers presented may not foot.)

Three and nine months ended September 30, 2020 and 2019
Unaudited

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Net income	19,262	8,586	50,823	35,234
Items that are or may be reclassified subsequently to net income:				
Foreign currency translation differences from foreign operations	(127)	(63)	(433)	(403)
Deferred income tax recovery (expense)	-	-	-	-
Other comprehensive (loss) income for the period, net of income tax	(127)	(63)	(433)	(403)
Total comprehensive income (loss) for the period	19,135	8,523	50,389	34,831

See accompanying notes to the condensed consolidated interim financial statements.

Constellation Software Netherlands Holding Coöperatief U.A.

Condensed Consolidated Interim Statements of Changes in Members' Equity
(In thousands of euros, except per unit amounts. Due to rounding, numbers presented may not foot.)
Unaudited

Nine months ended September 30, 2020	Ordinary units	Accumulated other comprehensive (loss) income Cumulative translation account	Retained earnings	Total
Balance at January 1, 2020	**59,078**	**(714)**	**144,031**	**202,395**
Total comprehensive income for the period:				
Net income	-	-	50,823	50,823
Other comprehensive income (loss)				
Foreign currency translation differences from foreign operations	-	(433)	-	(433)
Total other comprehensive income (loss) for the period	**-**	**(433)**	**-**	**(433)**
Total comprehensive income (loss) for the period	**-**	**(433)**	**50,823**	**50,389**
Balance at September 30, 2020	**59,078**	**(1,148)**	**194,854**	**252,784**

See accompanying notes to the condensed consolidated interim financial statements.

Constellation Software Netherlands Holding Coöperatief U.A.

Condensed Consolidated Interim Statements of Changes in Members' Equity
(In thousands of euros, except per unit amounts. Due to rounding, numbers presented may not foot.)
Unaudited

Nine months ended September 30, 2019

	Ordinary Units	Accumulated other comprehensive (loss) income Cumulative translation account	Retained earnings	Total
Balance at January 1, 2019	**59,078**	**(507)**	**97,236**	**155,806**
Total comprehensive income for the period:				
Net income	-	-	35,234	35,234
Other comprehensive income (loss)				
Foreign currency translation differences from foreign operations	-	(403)	-	(403)
Total other comprehensive income (loss) for the period	**-**	**(403)**	**-**	**(403)**
Total comprehensive income (loss) for the period	**-**	**(403)**	**35,234**	**34,831**
Capital contribution			330	330
Balance at September 30, 2019	**59,078**	**(910)**	**132,799**	**190,967**

See accompanying notes to the condensed consolidated interim financial statements.

Constellation Software Netherlands Holding Coöperatief U.A.

Condensed Consolidated Interim Statements of Cash Flows
(In thousands of euros, except per unit amounts. Due to rounding, numbers presented may not foot.)

Three and nine months ended September 30, 2020 and 2019
Unaudited

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Cash flows from operating activities:				
Net income	19,262	8,586	50,823	35,234
Adjustments for:				
Depreciation	4,365	3,958	12,750	11,019
Amortization of intangible assets	12,472	12,310	36,567	33,056
Finance costs and other	1,402	1,182	4,693	3,270
Income tax expense (recovery)	4,661	3,695	11,976	8,529
Change in non-cash operating assets and liabilities exclusive of effects of business combinations (note 16)	(34,252)	(24,208)	20,643	22,781
Income taxes (paid) received	1,633	1,447	(15,842)	(11,590)
Net cash flows from operating activities	9,542	6,969	121,609	102,298
Cash flows from (used in) financing activities:				
Interest paid on lease obligations	(227)	(225)	(657)	(599)
Interest paid on other facilities	(1,633)	(737)	(3,456)	(1,737)
Increase (decrease) in Revolving credit facility	-	80,000	(50,000)	45,000
Repayments of other debt facilities	-	-	-	(749)
Payments of lease obligations	(3,256)	(2,609)	(9,507)	(7,120)
Repayment of preferred units classified as a liability	-	-	-	(9,723)
Repayment of unitholder loans	-	-	(647)	(19,487)
Net cash flows from (used in) in financing activities	(5,115)	76,429	(64,266)	5,585
Cash flows from (used in) investing activities:				
Acquisition of businesses (note 4)	(19,711)	(83,594)	(46,338)	(110,086)
Cash obtained with acquired businesses (note 4)	7,446	14,575	14,178	19,755
Post-acquisition settlement payments, net of receipts	(237)	(1,297)	(5,100)	(2,612)
Interest, dividends and other proceeds received	378	-	870	-
Property and equipment purchased	(518)	(814)	(1,818)	(1,919)
Net cash flows from (used in) investing activities	(12,642)	(71,129)	(38,207)	(94,862)
Effect of foreign currency on cash and cash equivalents	0	(0)	0	0
Increase (decrease) in cash	(8,215)	12,270	19,135	13,021
Cash, beginning of period	55,385	15,741	28,036	14,990
Cash, end of period	47,171	28,011	47,171	28,011

See accompanying notes to the condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

CONSTELLATION SOFTWARE NETHERLANDS HOLDING COÖPERATIEF U.A.

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of euros, except per unit amounts and as otherwise indicated.)
(Due to rounding, numbers presented may not foot.)
Three and nine months ended September 30, 2020 and 2019
(Unaudited)

1. Reporting entity

Constellation Software Netherlands Holding Coöperatief U.A. (“CSNH”) is a company domiciled in the Netherlands. The address of CSNH’s registered office is Ringwade 61, 3439 LM in Nieuwegein, the Netherlands. The condensed consolidated interim financial statements of CSNH as at and for the period ended September 30, 2020 comprise CSNH and its subsidiaries (together referred to as “CSNH”, or the "Company") and the Company's interest in associates. The Company is engaged principally in the development, installation and customization of software and in 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 Company’s 2019 annual consolidated financial statements except as disclosed herein.

The policies applied in these condensed consolidated interim financial statements are based on International Financial Reporting Standards (“IFRS”), issued and outstanding as of December 18, 2020, the date the Board of Directors approved the condensed consolidated interim financial statements.

These condensed consolidated interim financial statements should be read in conjunction with the Company’s 2019 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 CSNH’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 reported amounts of assets, liabilities, income and expenses, consistent with those disclosed in the 2019 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.

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 significant accounting policies used in preparing these condensed consolidated interim financial statements are unchanged from those disclosed in the Company's 2019 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, 2020, the Company completed a number of acquisitions for aggregate cash consideration of EUR 46,338 plus cash holdbacks of EUR 6,721 and contingent consideration with an estimated fair value of EUR 1,584 resulting in total consideration of EUR 54,642. The contingent consideration is payable on the achievement of certain financial targets in the post-acquisition periods. The obligation for contingent consideration for acquisitions during the nine-month period ended September 30, 2020 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 1,915. Aggregate contingent consideration of EUR 2,860 (December 31, 2019 – EUR 2,344) 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. A recovery of EUR 42 and a recovery of EUR 228 been recorded for the three and nine months ended September 30, 2020, as a result of such changes (expense of EUR NIL and EUR 14 for the three and nine months ended September 30, 2019).

There were no acquisitions during the nine-month period that were deemed to be individually significant. All of the businesses acquired during the nine-month 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.

CONSTELLATION SOFTWARE NETHERLANDS HOLDING COÖPERATIEF U.A.

The acquisitions during the nine month period ended September 30, 2020 include software companies catering to the following markets: healthcare, education, trade unions, manufacturing plant performance, retail management and distribution, textiles and apparel, marine asset management, and computerized maintenance management systems, 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 intangibles that do not qualify for separate recognition including assembled workforce, and synergies with existing businesses of the Company. Goodwill in the amount of EUR nil is expected to be deductible for income tax purposes.

The gross contractual amounts of acquired receivables was EUR 7,939; however, the Company has recorded an allowance of EUR 141 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 2019 and first three quarters of 2020. The amounts determined on a provisional basis generally relate to net asset assessments and measurement of the assumed liabilities, including acquired contract liabilities. The cash consideration associated with these provisional estimates totals EUR 51,108.

The aggregate impact of acquisition accounting applied in connection with business acquisitions in the nine-month period ended September 30, 2020 is as follows:

CONSTELLATION SOFTWARE NETHERLANDS HOLDING COÖPERATIEF U.A.

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of euros, except per unit amounts and as otherwise indicated.)
(Due to rounding, numbers presented may not foot.)
Three and nine months ended September 30, 2020 and 2019
(Unaudited)

Assets acquired:	
Cash	14,178
Accounts receivable	7,798
Other current assets	4,613
Property and equipment	750
Other non-current assets	6,937
Deferred income taxes	1,025
Technology assets	17,040
Customer assets	25,741
	78,082
Liabilities assumed:	
Current liabilities	10,047
Deferred revenue	6,997
Deferred income taxes	9,485
Other non-current liabilities	5,399
	31,928
Goodwill	8,488
Total consideration	**54,642**

The 2020 business acquisitions did not have a material impact to either the consolidated revenue or the consolidated net income for the nine months ended September 30, 2020. 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 CSNH businesses) factors of current period acquisitions on both an individual and aggregate basis.

CONSTELLATION SOFTWARE NETHERLANDS HOLDING COÖPERATIEF U.A.

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of euros, except per unit amounts and as otherwise indicated.)
(Due to rounding, numbers presented may not foot.)
Three and nine months ended September 30, 2020 and 2019
(Unaudited)

5. Other assets and other non-current liabilities

(a) Other assets

	September 30, 2020	December 31, 2019
Prepaid and other current assets	13,044	9,574
Sales tax receivable	704	480
Equity securities held for trading	1	480
Other receivables	1,179	2,018
Total other current assets	14,928	12,551
Costs to obtain a contract	262	379
Non-current trade and other receivables and other assets	4,078	3,605
Equity accounted investees	83	95
Total other non-current assets	4,423	4,078

(b) Other non-current liabilities

	September 30, 2020	December 31, 2019
Contingent consideration	2,724	1,453
Deferred revenue	1,252	1,981
Other non-current liabilities	1,714	1,845
Total other non-current liabilities	5,690	5,279

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

6. Intangible Assets

	Technology Assets	Customer Assets	Trademarks	Goodwill	Total
Cost					
Balance at January 1, 2019	174,435	210,420	6,300	80,299	471,455
Acquisitions through business combinations	55,924	61,176	-	26,953	144,052
Effect of movements in foreign exchange and other	(61)	(55)	-	230	113
Balance at December 31, 2019	230,297	271,541	6,300	107,482	615,620
Balance at January 1, 2020	230,297	271,541	6,300	107,482	615,620
Acquisitions through business combinations	14,900	20,731	-	13,696	49,326
Effect of movements in foreign exchange and other	(54)	(5)	0	(11)	(69)
Balance at September 30, 2020	245,143	292,267	6,300	121,167	664,877
Accumulated amortization and impairment losses					
Balance at January 1, 2019	116,966	56,996	1,575	-	175,537
Amortization for the period	26,811	19,174	315	-	46,301
Balance at December 31, 2019	143,777	76,170	1,890	-	221,838
Balance at January 1, 2020	143,777	76,170	1,890	-	221,838
Amortization for the period	19,053	17,277	236	-	36,567
Balance at September 30, 2020	162,830	93,448	2,126	-	258,404
Carrying amounts					
At January 1, 2019	57,469	153,424	4,725	80,299	295,918
At December 31, 2019	86,520	195,371	4,410	107,482	393,783
At January 1, 2020	86,520	195,371	4,410	107,482	393,783
At September 30, 2020	82,313	198,819	4,174	121,167	406,472

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

CONSTELLATION SOFTWARE NETHERLANDS HOLDING COÖPERATIEF U.A.

7. Revolving Credit Facility

On July 7, 2017, the Company entered into a credit facility (the “Revolving Credit Facility”) with a number of European financial institutions. Under this credit facility, the Company will be able to borrow up to EUR 300,000 under a multicurrency revolving loan facility and up to EUR 50,000 under an additional uncommitted term loan facility. The Revolving Credit Facility has a term until July 7, 2024. The Revolving Credit Facility bears interest at a rate calculated at EURIBOR plus interest rate spreads based on a leverage table. The Revolving Credit Facility is collateralized by substantially all the assets owned by the Company and its subsidiaries, except for the entities secured under the Term Loan. The 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, 2020, EUR nil (December 31, 2019, EUR 50,000) had been drawn from this credit facility. Transaction costs associated with the Revolving Credit Facility have been included in other assets and are being amortized through profit or loss using the effective interest rate method. As of September 30, 2020, the carrying amount of such transaction costs relating to this Revolving Credit Facility totaled EUR 602 (December 31, 2019 – EUR 831).

8. Term Loan

On August 1, 2019, the Company acquired Salvia Développement SAS ("Salvia"). On October 29, 2019 Salvia Holding SAS closed the funding with CVC Credit Partners ("CVC Credit"), amounting to EUR 34,000, to provide a long-term financial structure for Salvia (the “Term Loan”). The transaction and related debt do not form part of the Revolving Credit Facility and related conditions. Covenants and guarantees associated with the Term Loan are monitored and reported based on the financial position and financial performance of Salvia.

The loan has a maturity date of October 31, 2025 and the Term Loan bears an interest rate between 6 – 6.75% plus EURIBOR (2019: 6.75%). Most of the transaction costs associated with the loan 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 32,794 (December 31, 2019 – 32,274). As of September 30, 2020, the carrying amount of such costs relating to this loan totaled EUR 1,501 (December 31, 2019 - EUR 1,726).

9. Provisions

At January 1, 2020	2,042
Reversal	(29)
Provisions recorded during the period	1,588
Provisions used during the period	(2,561)
Effect of movements in foreign exchange and other	(9)
At September 30, 2020	1,032
Provisions classified as current liabilities	1,032
Provisions classified as other non-current liabilities	-

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

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, 2020 was 19% and 19% (30% and 19% for the three and nine months ended September 30, 2019).

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.

11. Members' equity

	Ordinary Units	
	Number	Amount
September 30, 2020	59,078,027	59,078
December 31, 2019	59,078,027	59,078

12. Finance costs and other

CONSTELLATION SOFTWARE NETHERLANDS HOLDING COÖPERATIEF U.A.

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of euros, except per unit amounts and as otherwise indicated.)
(Due to rounding, numbers presented may not foot.)
Three and nine months ended September 30, 2020 and 2019
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Interest expense on debt	1,035	721	3,212	1,678
Interest expense on lease obligations	226	229	657	603
Amortization of debt related transaction costs	180	84	475	253
Share in net (income) loss of equity investee	2	2	(0)	8
Foreign exchange loss (gain)	(153)	15	(86)	(6)
Other finance costs (income)	112	130	436	735
Finance costs	1,402	1,182	4,693	3,270

13. Earnings per unit

Basic and diluted earnings per unit

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

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Basic earnings per unit:				
Numerator:				
Net income	19,262	8,586	50,823	35,234
Denominator:				
Basic units outstanding	59,078,027	59,078,027	59,078,027	59,078,027
Earnings per unit				
Basic	0.33	0.15	0.86	0.60
Diluted earnings per unit:				
Numerator:				
Net income	19,262	8,586	50,823	35,234
Imputed interest on convertible units	-	-	-	330
Net income to be used for diluted earnings per unit	19,262	8,586	50,823	35,564
Denominator:				
Basic units outstanding	59,078,027	59,078,027	59,078,027	59,078,027
Effect of dilutive units	-	-	-	3,156,392
Diluted units outstanding	59,078,027	59,078,027	59,078,027	62,234,419
Earnings per unit				
Diluted	0.33	0.15	0.86	0.57

The convertible units were repaid by the Company on February 28, 2019. As a result, there are no potentially dilutive units for the three and nine months ended September 30, 2020 and for the three months ended September 30, 2019.

14. Financial instruments

Fair values versus carrying amounts

The carrying values of cash, accounts receivable, accounts payable and accrued liabilities, income taxes payable, the majority of acquisition holdbacks, Term Loan and the Revolving Credit Facility, approximate their fair values due to the short-term nature of these instruments. 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;

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

- 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.

Financial assets and financial liabilities measured at fair value as of September 30, 2020 and December 31, 2019 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, 2020				December 31, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:								
Equity securities held for trading	1	-	-	1	480	-	-	480
	1	**-**	**-**	**1**	**480**	**-**	**-**	**480**
Liabilities:								
Contingent consideration	-	-	2,860	2,860	-	-	2,344	2,344
	-	**-**	**2,860**	**2,860**	**-**	**-**	**2,344**	**2,344**

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, 2020 and December 31, 2019.

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.

Balance at January 1, 2020	2,344
Increase from business acquisitions	1,584
Cash recoveries (payments)	(841)
Charges through profit or loss	(228)
Foreign exchange and other movements	1
Balance at September 30, 2020	2,860
Contingent consideration classified as current liabilities	136
Contingent consideration classified as other non-current liabilities	2,724

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.

CONSTELLATION SOFTWARE NETHERLANDS HOLDING COÖPERATIEF U.A.

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of euros, except per unit amounts and as otherwise indicated.)
(Due to rounding, numbers presented may not foot.)
Three and nine months ended September 30, 2020 and 2019
(Unaudited)

16. Changes in non-cash operating assets and liabilities

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Decrease (increase) in current accounts receivable	6,572	7,333	12,604	7,873
Decrease (increase) in current unbilled revenue	(81)	689	(2,107)	(406)
Decrease (increase) in other current assets	1,114	3,408	(2,058)	453
Decrease (increase) in inventories	(84)	(28)	36	(34)
Decrease (increase) in other non-current assets	(210)	(406)	566	1,123
Increase (decrease) in other non-current liabilities	(224)	(232)	(1,354)	(1,823)
Increase (decrease) in current accounts payable and accrued liabilities, excluding holdbacks from acquisitions	(520)	(120)	(17,230)	(11,999)
Increase (decrease) in current deferred revenue	(40,242)	(34,915)	31,197	28,221
Increase (decrease) in current provisions	(576)	65	(1,010)	(629)
Change in non-cash operating working capital	(34,252)	(24,208)	20,643	22,781

17. Related parties

Transactions with Constellation Software Inc. ("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, 2020 was EUR 369 and EUR 4,917 (September 30, 2019 - EUR 276 and EUR 3,119 for the three and nine months ended respectively).

The ending payable balance to CSI (included within accounts payable and accrued liabilities) as at September 30, 2020 was EUR 528 (December 31, 2019 – EUR 1,254, included within accounts payable and accrued liabilities).

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, 2020 (included within professional services revenue) relating to such arrangements was EUR 978 and EUR 3,463 (September 30, 2019 – EUR 1,259 and EUR 3,324 for the three and nine months respectively). The ending receivable balance (included within accounts receivable) as at September 30, 2020 relating to these arrangements was EUR 463 (December 31, 2019 – EUR 510).

18. Subsequent events

CONSTELLATION SOFTWARE NETHERLANDS HOLDING COÖPERATIEF U.A.

Subsequent to September 30, 2020, the Company completed or entered into agreements to acquire (excluding Topicus.com as described below) a number of businesses for aggregate cash consideration of EUR 53,369 on closing plus cash holdbacks of EUR 6,156 and contingent consideration with an estimated fair value of EUR 106 for total consideration of EUR 59,631. The business acquisitions include companies catering primarily to the real estate, local government, healthcare, human capital, accounting, and education verticals and are all software companies similar to the existing business of the Company.

On May 20, 2020 the Company entered into a binding agreement with IJssel B.V. (the “Seller”) to purchase 100% of the shares of Topicus.com B.V. (“Topicus”), a Netherlands-based diversified vertical market software provider. The transaction is currently expected to close in 2021, subject to the satisfaction of certain closing conditions. The purchase of Topicus will be financed with the Company’s cash on hand and its existing revolving line of credit and requires no additional funding from Constellation Software Inc., the Company’s parent Company. Consideration will be in the form of a cash payment plus the issuance to the Seller of approximately 9% of the shares of the new operating group Topicus.com (the merged CSNH and Topicus economic entity). Annual gross revenues of Topicus for 2019 were approximately EUR 101,000 and total tangible assets at December 31, 2019 were approximately EUR 7,000.

APPENDIX A

AUDIT COMMITTEE MANDATE

Responsibilities

Reporting to the board of directors of the Company, the Audit Committee shall be responsible for assisting in the board of directors' oversight of the reliability and integrity of the accounting principles and practices, financial statements and other financial reporting, and disclosure practices followed by management of the Company and its subsidiaries. The Audit Committee shall also have oversight responsibility for:

I) the qualifications, independence and performance of the independent auditors;
II) the establishment by management of an adequate system of internal controls;
III) the preparation by management of quarterly and annual financial statements; and
IV) the maintenance by management of practices and processes to assure compliance with applicable laws.

Composition

The Audit Committee shall be composed of not less than three directors of the Company, the majority of whom are not officers or employees of the Company or any of its affiliates. Each member of the Audit Committee shall be financially literate[1] or must become financially literate within a reasonable period of time after his or her appointment to the Audit Committee.

Meetings

The Audit Committee shall meet in regular sessions at least four times each year to review and recommend to the board of directors approval of the financial statements for the first three quarters as well as the annual financial statements. Special meetings of the Audit Committee may be called by the Chairman of the board of directors, any member of the Audit Committee, or by the independent auditors. The independent auditors shall receive notice of every meeting of the Audit Committee and the independent auditors are entitled to attend and participate in such meetings. Minutes of Audit Committee meetings shall be prepared and be made available to the board of directors.

Nomination of Independent Auditors

The board of directors, after consideration of the recommendation of the Audit Committee, shall nominate the independent auditors for appointment by the shareholders of the Company in accordance with applicable law. The independent auditors are ultimately accountable to the Audit Committee and the board of directors as representatives of shareholders.

Specific Oversight Duties

In carrying out its responsibilities, the Audit Committee shall have the following specific oversight duties:

I) INDEPENDENT AUDITORS

a) review, at least annually, the performance of the independent auditors, and annually recommend to the board of directors, for approval by the shareholders, the appointment of the independent auditors of the Company in accordance with the *Business Corporations Act* (Ontario);
b) engage in an active dialogue with the independent auditors on their independence from the Company, and where it is determined that independence no longer exists, recommend that the board of directors take appropriate action;
c) review and recommend to the board of directors for approval the terms of any annual audit engagement of the independent auditors, including the appropriateness of the proposed audit fees with respect to the engagement of the independent auditors for any audit related services;

[1] "Financially literate" shall mean that the director is able to critically read and understand a balance sheet, an income statement, a cash flow statement and the notes attached thereto.

d) approve any non-audit services to be provided by the firm of the independent auditors;
e) review and approve annually the overall scope of the independent auditors' annual audit plan;

II) INTERNAL CONTROLS

a) periodically review the status and findings of the independent auditors' audit plan and the adequacy of internal controls established by management and, where appropriate, make recommendations or reports thereon to the board of directors;
b) understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses;
c) annually, and at any time in response to a specific request by management or the independent auditors, meet separately with the relevant parties with respect to such matters as the effectiveness of the system of internal controls established by management, the adequacy of the financial reporting process, the quality and integrity of the financial statements, the evaluation of the performance of the independent auditor and any other matter that may be appropriate;

III) FINANCIAL STATEMENTS

a) review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements;
b) review the quarterly and annual financial statements, and consider whether they are complete, consistent with information known to Audit Committee members, and reflect appropriate accounting principles;
c) review significant changes in the accounting principles to be observed in the preparation of the accounts of the Company and its subsidiaries, or in their application, and in financial statement presentation;
d) review and, following discussion with the independent auditors (following their review of the financial statements) and management, recommend to the board of directors, approval of unaudited quarterly and audited annual consolidated financial statements of the Company;

IV) COMPLIANCE WITH APPLICABLE LAWS

a) review and monitor practices and procedures adopted by management to assure compliance with applicable laws, and, where appropriate, make recommendations or reports thereon to the board of directors;

Specific Issue Examinations

In discharging its duties and responsibilities, the Audit Committee may direct that the independent auditors examine or consider a specific matter or area and report to the Audit Committee on the findings of such examination. The Audit Committee may direct the independent auditors or other party to perform supplemental reviews or audits as the Audit Committee deems desirable.

Authority

The Audit Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

a) retain outside counsel, accountants or others to advise the Audit Committee or assist in the conduct of an investigation;
b) seek any information it requires from employees – all of whom are directed to cooperate with the Audit Committee's request – or external parties; and
c) meet with company officers, external auditors or outside counsel as necessary.

Mandate Review

The Audit Committee shall review and assess the adequacy of the Audit Committee mandate annually, and recommend any proposed changes to the board of directors for approval.

Limitation of Responsibilities

While the Audit Committee has the responsibilities and powers set forth in this mandate, it is not the duty of the Audit Committee to plan or conduct audits, to determine that the Company's financial statements are complete and accurate and are in accordance with International Financial Reporting Standards, or to design or implement an effective system of internal controls. Such matters are the responsibility of management and the independent auditors, as the case may be. Nor is it the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between management and the independent auditors or to assure compliance with applicable accounting standards, laws and regulations.

APPENDIX B

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

a) Board of Directors

The board of directors of the Company (the "**Board of Directors**" or the "**Board**") is currently composed of ten members. Stephen Scotchmer and Donna Parr are independent according to the definition of "independence" set out in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* as it applies to the Board of Directors. Daan Dijkhuizen and Jamal Baksh are not independent as they are senior officers of the Company. Bernard Anzarouth, John Billowits, Robin van Poelje, Han Knooren and Paul Noordeman are not independent as they are or were within the last three years officers or employees of CSI or a subsidiary entity of the Company.

The following directors are currently directors of other issuers that are reporting issuers (or the equivalent) in a jurisdiction of Canada or a foreign jurisdiction:

Name	Director of Other Issuer
Mark Leonard	Constellation Software Inc.
Robin van Poelje	Constellation Software Inc.
Stephen Scotchmer	Constellation Software Inc.
Donna Parr	Constellation Software Inc.
John Billowits	Constellation Software Inc.

b) Orientation and Continuing Education

While the Company does not have a formal orientation program for new members of the Board, the Chief Executive Officer and other members of senior management are and will continue to be available to Board members to discuss the Company's business and assist in the orientation and education of Board members as required. As part of the orientation process, new Board members are provided with copies of the Company's relevant financial data and have the opportunity to attend management meetings.

The Board does not formally provide continuing education to its directors; however, the directors are experienced members, the majority of whom are or have been directors on boards of other companies. The Board of Directors relies on professional assistance when considered necessary in order to be educated or updated on a particular topic.

c) Ethical Business Conduct

The Company has not adopted a written code of conduct and ethics. Most employees and officers of the Company have signed employment contracts that require that ethical and lawful behaviour must be exhibited at all times. In addition, most of the subsidiaries of the Company have codes of conduct in place and available to their employees which further outline what behaviour is/is not tolerated.

Under the *Business Corporations Act* (Ontario), to which the Company is subject, a director or officer of the Company must disclose to the Company, the nature and extent of any interest that he or she has in a material contract or material transaction, whether made or proposed, with the Company, if the director or officer: (a) is a party to the contract or transaction; (b) is a director or an officer, or an individual acting in a similar capacity, of a party to the contract or transaction; or (c) has a material interest in a party to the contract or transaction. Subject to limited exceptions set out in the *Business Corporations Act* (Ontario), the director cannot vote on any resolution to approve the contract or transaction and must recuse himself or herself from the decision-making process pertaining to a contract or transaction in which he or she has an interest.

d) Nomination Of Directors

The Board will consist of ten directors, with Constellation having the right to nominate six of such individuals for so long as Constellation holds a 15% fully-diluted interest in the Company, with IJssel having the right to nominate two of such individuals for so long as IJssel holds a 5% fully-diluted interest in the Company and Joday having the right to nominate two of such individuals for so long as Joday holds a 5% fully-diluted interest in the Company.

e) Compensation

The Board periodically reviews the remuneration of directors and makes adjustments where considered necessary. The CNHR Committee considers responsibilities, skills and competitive compensation in determining remuneration. With respect to the compensation of the Company's officers, see "*Executive Compensation – Compensation Discussion and Analysis*" above.

Corporate objectives are established periodically by the Board of Directors. Executive performance is assessed at least annually by the CNHR Committee against those objectives.

f) Other Board Committees

Other than the Audit Committee and CNHR Committee, the Board does not have any other committees in place.

g) Assessments

Each committee reviews and assesses the adequacy of its committee mandate on a periodic basis and recommends any proposed changes to the Board for approval. The Board in conjunction with the Chief Executive Officer periodically reviews and assesses the effectiveness of the Board as a whole, the membership of the Board committees, the mandates and activities of each committee and the contribution of individual directors. Feedback is obtained from members of the Board and the various committees on an informal basis, which the Board believes is sufficient to address any changes that may be necessary or desirable.

CERTIFICATE OF THE COMPANY

Dated: December 18, 2020

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

By: (Signed) Robin van Poelje
Interim Chief Executive Officer

By: (Signed) Jamal Baksh
Chief Financial Officer

On behalf of the Board of Directors

By: (Signed) Mark Leonard
Director

By: (Signed) John Billowits
Director

CERTIFICATE OF THE PROMOTER

Dated: December 18, 2020

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

CONSTELLATION SOFTWARE INC.

By: (Signed) Mark Leonard
President