

## Constellation Software Inc. Announces Results for the First Quarter Ended March 31, 2024 and Declares Quarterly Dividend

**TORONTO, ONTARIO (May 10, 2024)** -- Constellation Software Inc. (TSX:CSU) (“Constellation” or the “Company”) today announced its financial results for the first quarter ended March 31, 2024 and declared a \$1.00 per share dividend payable on July 11, 2024 to all common shareholders of record at close of business on June 20, 2024. This dividend has been designated as an eligible dividend for the purposes of the Income Tax Act (Canada). Please note that all dollar amounts referred to in this press release are in U.S. Dollars unless otherwise stated.

The following press release should be read in conjunction with the Company’s Unaudited Condensed Consolidated Interim Financial Statements for the three months ended March 31, 2024 and the accompanying notes, our Management Discussion and Analysis for the three months ended March 31, 2024 and with our annual Consolidated Financial Statements, prepared in accordance with International Financial Reporting Standards (“IFRS”) and our annual Management’s Discussion and Analysis for the year ended December 31, 2023, which can be found on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com) and on the Company’s website [www.csisoftware.com](http://www.csisoftware.com). Additional information about the Company is also available on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com)

### Q1 2024 Headlines:

- Revenue increased 23% (4% organic growth, 3% after adjusting for changes in foreign exchange rates) to \$2,353 million compared to \$1,919 million in Q1 2023.
- Net income attributable to common shareholders was \$105 million for Q1 2024 (\$4.95 on a diluted per share basis), compared to net income attributable to common shareholders of \$94 million (\$4.44 on a diluted per share basis) in Q1 2023.
- A number of acquisitions were completed for aggregate cash consideration of \$223 million (which includes acquired cash). Deferred payments associated with these acquisitions have an estimated value of \$65 million resulting in total consideration of \$288 million.
- Cash flows from operations (“CFO”) were \$737 million, an increase of 16%, or \$104 million, compared to \$632 million for the comparable period in 2023.
- Free cash flow available to shareholders<sup>1</sup> (“FCFA2S”) decreased \$7 million to \$446 million compared to \$453 million for the same period in 2023.

Total revenue for the quarter ended March 31, 2024 was \$2,353 million, an increase of 23%, or \$434 million, compared to \$1,919 million for the comparable period in 2023. The increase is primarily attributable to growth from acquisitions as the Company experienced organic growth of 4% in the quarter, 3% after adjusting for the impact of changes in the valuation of the US dollar against most major currencies in which the Company transacts business. 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 Constellation. Organic growth is not a standardized financial measure and might not be comparable to measures disclosed by other issuers.

The net income attributable to common shareholders of CSI for the quarter ended March 31, 2024 was \$105 million compared to \$94 million for the same period in 2023. On a per share basis this translated into net income per basic and diluted share of \$4.95 in the quarter ended March 31, 2024 compared to \$4.44 for the same period in 2023. There was no change in the number of shares outstanding.

For the quarter ended March 31, 2024, CFO increased \$104 million to \$737 million compared to \$632 million for the same period in 2023 representing an increase of 16%.

For the quarter ended March 31, 2024, FCFA2S decreased \$7 million to \$446 million compared to \$453 million for the same period in 2023 representing a decrease of 2%.

1. See Non-IFRS measures.

## **Forward Looking Statements**

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

## **Non-IFRS Measures**

Free cash flow available to shareholders “FCFA2S” refers to net cash flows from operating activities less interest paid on lease obligations, interest paid on other facilities, credit facility transaction costs, repayments of lease obligations, the IRGA / TSS membership liability revaluation charge, and property and equipment purchased, and includes interest and dividends received, and the proceeds from sale of interest rate caps. The portion of this amount applicable to non-controlling interests is then deducted. We believe that FCFA2S is useful supplemental information as it provides an indication of the uncommitted cash flow that is available to shareholders if we do not make any acquisitions, or investments, and do not repay any debts. While we could use the FCFA2S to pay dividends or repurchase shares, our objective is to invest all of our FCFA2S in acquisitions which meet our hurdle rate.

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

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

	Three months ended March 31,	
	<u>2024</u>	<u>2023</u>
	(\$ in millions)	
<b>Net cash flows from operating activities</b>	737	632
<b>Adjusted for:</b>		
Interest paid on lease obligations	(3)	(3)
Interest paid on other facilities	(41)	(26)
Proceeds from sale of interest rate cap	-	-
Credit facility transaction costs	(11)	(2)
Payments of lease obligations	(29)	(25)
IRGA / TSS membership liability revaluation charge	(81)	(39)
Property and equipment purchased	(10)	(10)
Interest and dividends received	6	1
	<hr/>	<hr/>
	568	529
Less amount attributable to Non-controlling interests	(122)	(76)
Free cash flow available to shareholders	446	453

Due to rounding, certain totals may not foot.

### About Constellation Software Inc.

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

### For further information:

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**SOURCE: CONSTELLATION SOFTWARE INC.**

# CONSTELLATION SOFTWARE INC.

Condensed Consolidated Interim Statements of Financial Position

(In millions of U.S. dollars, except per share amounts. Due to rounding, numbers presented may not foot.)

Unaudited

	March 31, 2024	December 31, 2023	March 31, 2023
<b>Assets</b>			
Current assets:			
Cash	\$ 2,078	\$ 1,284	\$ 1,010
Accounts receivable	1,205	1,145	1,012
Unbilled revenue	360	326	282
Inventories	59	51	50
Other assets	568	542	450
	<u>4,270</u>	<u>3,348</u>	<u>2,803</u>
Non-current assets:			
Property and equipment	142	143	128
Right of use assets	311	312	285
Deferred income taxes	157	110	108
Other assets	308	286	182
Intangible assets	6,734	6,682	5,324
	<u>7,651</u>	<u>7,533</u>	<u>6,028</u>
<b>Total assets</b>	<b>\$ 11,921</b>	<b>\$ 10,881</b>	<b>\$ 8,831</b>
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities:			
Debt with recourse to Constellation Software Inc.	\$ 276	\$ 861	\$ 480
Debt without recourse to Constellation Software Inc.	348	225	199
Redeemable preferred securities	-	814	409
Accounts payable and accrued liabilities	1,298	1,433	1,117
Dividends payable	21	21	21
Deferred revenue	2,267	1,757	1,995
Provisions	8	9	9
Acquisition holdback payables	174	173	139
Lease obligations	113	112	98
Income taxes payable	135	88	120
	<u>4,640</u>	<u>5,493</u>	<u>4,585</u>
Non-current liabilities:			
Debt with recourse to Constellation Software Inc.	1,832	863	590
Debt without recourse to Constellation Software Inc.	1,470	1,385	793
Deferred income taxes	633	610	496
Acquisition holdback payables	105	86	68
Lease obligations	235	236	217
Other liabilities	255	246	236
	<u>4,530</u>	<u>3,426</u>	<u>2,400</u>
<b>Total liabilities</b>	<b>9,169</b>	<b>8,919</b>	<b>6,986</b>
Shareholders' equity:			
Capital stock	99	99	99
Accumulated other comprehensive income (loss)	(145)	(99)	(128)
Retained earnings	2,358	1,876	1,454
Non-controlling interests	439	85	419
	<u>2,752</u>	<u>1,961</u>	<u>1,845</u>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 11,921</b>	<b>\$ 10,881</b>	<b>\$ 8,831</b>

# CONSTELLATION SOFTWARE INC.

Condensed Consolidated Interim Statements of Income (loss)

(In millions of U.S. dollars, except per share amounts. Due to rounding, numbers presented may not foot.)

Unaudited

	Three months ended March 31,	
	2024	2023
Revenue		
License	\$ 88	\$ 81
Professional services	470	411
Hardware and other	59	57
Maintenance and other recurring	1,737	1,369
	2,353	1,919
Expenses		
Staff	1,293	1,068
Hardware	35	35
Third party license, maintenance and professional services	215	185
Occupancy	14	13
Travel, telecommunications, supplies, software and equipment	112	89
Professional fees	38	36
Other, net	50	38
Depreciation	44	39
Amortization of intangible assets	242	193
	2,042	1,695
Foreign exchange loss (gain)	(18)	10
IRGA/TSS Membership liability revaluation charge	81	39
Finance and other expense (income)	(9)	(7)
Bargain purchase gain	(2)	(1)
Impairment of intangible and other non-financial assets	10	2
Redeemable preferred securities expense (income)	58	188
Finance costs	67	36
	186	267
Income (loss) before income taxes	125	(43)
Current income tax expense (recovery)	127	103
Deferred income tax expense (recovery)	(75)	(62)
Income tax expense (recovery)	52	40
Net income (loss)	74	(83)
Net income (loss) attributable to:		
Common shareholders of Constellation Software Inc.	105	94
Non-controlling interests	(31)	(177)
Net income (loss)	74	(83)
Earnings per common share of Constellation Software Inc.		
Basic and diluted	\$ 4.95	\$ 4.44

# CONSTELLATION SOFTWARE INC.

Condensed Consolidated Interim Statements of Comprehensive Income (loss)

(In millions of U.S. dollars, except per share amounts. Due to rounding, numbers presented may not foot.)

Unaudited

	Three months ended March 31,	
	2024	2023
Net income (loss)	\$ 74	\$ (83)
Items that are or may be reclassified subsequently to net income (loss):		
Foreign currency translation differences from foreign operations and other,	(48)	16
Other comprehensive income (loss), net of income tax	(48)	16
Total comprehensive income (loss)	\$ 25	\$ (67)
Total other comprehensive income (loss) attributable to:		
Common shareholders of Constellation Software Inc.	(40)	10
Non-controlling interests	(8)	6
Total other comprehensive income (loss)	\$ (48)	\$ 16
Total comprehensive income (loss) attributable to:		
Common shareholders of Constellation Software Inc.	65	105
Non-controlling interests	(40)	(171)
Total comprehensive income (loss)	\$ 25	\$ (67)

# CONSTELLATION SOFTWARE INC.

Condensed Consolidated Interim Statement of Changes in Equity

(In millions of U.S. dollars, except per share amounts. Due to rounding, numbers presented may not foot.)

Unaudited

Three months ended March 31, 2024

	Equity Attributable to Common Shareholders of CSI				Non-controlling interests	Total equity
	Capital stock	Accumulated other comprehensive income (loss)	Retained earnings	Total		
<b>Balance at January 1, 2024</b>	\$ 99	\$ (99)	\$ 1,876	\$ 1,877	\$ 85	\$ 1,961
<i>Total comprehensive income (loss):</i>						
Net income (loss)	-	-	105	105	(31)	74
<i>Other comprehensive income (loss)</i>						
Foreign currency translation differences from foreign operations and other, net of tax	-	(40)	-	(40)	(8)	(48)
<b>Total other comprehensive income (loss)</b>	-	<b>(40)</b>	-	<b>(40)</b>	<b>(8)</b>	<b>(48)</b>
<b>Total comprehensive income (loss)</b>	-	<b>(40)</b>	<b>105</b>	<b>65</b>	<b>(40)</b>	<b>25</b>
Transactions with owners, recorded directly in equity						
Non-controlling interests arising from business combinations	-	-	-	-	(0)	(0)
Conversion of Lumine Special Shares to subordinate voting shares of Lumine and settlement of accrued dividend on Lumine Special Shares through the issuance of subordinate voting shares of Lumine	-	-	-	-	872	872
Conversion of Lumine Preferred Shares to subordinate voting shares of Lumine and settlement of accrued dividend on Lumine Preferred Shares through the issuance of subordinate voting shares of Lumine	-	(6)	400	394	(394)	-
Other movements in non-controlling interests	-	-	(1)	(1)	1	0
Dividends paid to non-controlling interests	-	-	-	-	(85)	(85)
Dividends to shareholders of the Company	-	-	(21)	(21)	-	(21)
<b>Balance at March 31, 2024</b>	\$ 99	\$ (145)	\$ 2,358	\$ 2,313	\$ 439	\$ 2,752

# CONSTELLATION SOFTWARE INC.

Condensed Consolidated Interim Statement of Changes in Equity

(In millions of U.S. dollars, except per share amounts. Due to rounding, numbers presented may not foot.)

Unaudited

Three months ended March 31, 2023

	Equity Attributable to Common Shareholders of CSI				Non-controlling interests	Total equity
	Capital stock	Accumulated other comprehensive income (loss)	Retained earnings	Total		
<b>Balance at January 1, 2023</b>	\$ 99	\$ (150)	\$ 1,763	\$ 1,713	\$ 221	\$ 1,933
<i>Total comprehensive income (loss):</i>						
Net income (loss)	-	-	94	94	(177)	(83)
<i>Other comprehensive income (loss)</i>						
Foreign currency translation differences from foreign operations and other, net of tax	-	10	-	10	6	16
<b>Total other comprehensive income (loss)</b>	-	<b>10</b>	-	<b>10</b>	<b>6</b>	<b>16</b>
<b>Total comprehensive income (loss)</b>	-	<b>10</b>	<b>94</b>	<b>105</b>	<b>(171)</b>	<b>(67)</b>
Transactions with owners, recorded directly in equity						
Special dividend of Lumine Subordinate Voting Shares	-	12	(378)	(366)	366	-
Acquisition of non-controlling interests	-	-	-	-	(1)	(1)
Conversion of Lumine Special Shares to subordinate voting shares of Lumine	-	-	-	-	1	1
Other movements in non-controlling interests	-	0	(4)	(4)	4	(0)
Dividends to shareholders of the Company	-	-	(21)	(21)	-	(21)
<b>Balance at March 31, 2023</b>	\$ 99	\$ (128)	\$ 1,454	\$ 1,426	\$ 419	\$ 1,845



# CONSTELLATION SOFTWARE INC.

Condensed Consolidated Interim Statements of Cash Flows

(In millions of U.S. dollars, except per share amounts. Due to rounding, numbers presented may not foot.)

Unaudited

	Three months ended March 31,	
	2024	2023
Cash flows from (used in) operating activities:		
Net income (loss)	\$ 74	\$ (83)
Adjustments for:		
Depreciation	44	39
Amortization of intangible assets	242	193
IRGA/TSS Membership liability revaluation charge	81	39
Finance and other expense (income)	(9)	(7)
Bargain purchase (gain)	(2)	(1)
Impairment of intangible and other non-financial assets	10	2
Redeemable preferred securities expense (income)	58	188
Finance costs	67	36
Income tax expense (recovery)	52	40
Foreign exchange loss (gain)	(18)	10
Change in non-cash operating assets and liabilities exclusive of effects of business combinations	208	268
Income taxes paid	(68)	(91)
Net cash flows from (used in) operating activities	737	632
Cash flows from (used in) financing activities:		
Interest paid on lease obligations	(3)	(3)
Interest paid on debt	(41)	(26)
Increase (decrease) in CSI facility	(578)	(51)
Increase (decrease) in Topicus revolving credit debt facility without recourse to CSI	114	(11)
Proceeds from issuance of Senior Notes	1,000	-
Proceeds from issuance of debt facilities without recourse to CSI	112	180
Repayments of debt facilities without recourse to CSI	(18)	(86)
Other financing activities	(2)	2
Dividends paid to non-controlling interests	(85)	-
Debt transaction costs	(11)	(2)
Payments of lease obligations	(29)	(25)
Distribution to the Joday Group	(64)	-
Principal repayments to the Joday Group pursuant to the Call Notice	(22)	-
Dividends paid to common shareholders of the Company	(21)	(21)
Net cash flows from (used in) financing activities	351	(43)
Cash flows from (used in) investing activities:		
Acquisition of businesses	(223)	(452)
Cash obtained with acquired businesses	35	45
Post-acquisition settlement payments, net of receipts	(76)	(72)
Purchases of investments and other assets	(0)	(31)
Proceeds from sales of other investments and other assets	4	119
Decrease (increase) in restricted cash	(11)	-
Interest, dividends and other proceeds received	5	3
Property and equipment purchased	(10)	(10)
Net cash flows from (used in) investing activities	(277)	(398)
Effect of foreign currency on cash	(17)	7
Increase (decrease) in cash	794	199
Cash, beginning of period	\$ 1,284	\$ 811
Cash, end of period	\$ 2,078	\$ 1,010