

Condensed Consolidated Interim Financial Statements  
(In U.S. dollars)

# **CONSTELLATION SOFTWARE INC.**

For the three and nine months ended September 30, 2024 and 2023  
Unaudited

# 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

	September 30, 2024	December 31, 2023	September 30, 2023
<b>Assets</b>			
Current assets:			
Cash	\$ 2,069	\$ 1,284	\$ 1,076
Accounts receivable	1,152	1,138	986
Unbilled revenue	435	325	331
Inventories	66	51	56
Other assets (note 5)	636	541	499
	4,358	3,340	2,948
Non-current assets:			
Property and equipment	220	142	129
Right of use assets	323	312	282
Deferred income taxes	202	108	85
Other assets (note 5)	331	287	271
Intangible assets (note 6)	7,139	6,677	6,325
	8,215	7,526	7,092
<b>Total assets</b>	<b>\$ 12,573</b>	<b>\$ 10,866</b>	<b>\$ 10,039</b>
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities:			
Debt with recourse to Constellation Software Inc. (note 7)	\$ 294	\$ 861	\$ 907
Debt without recourse to Constellation Software Inc. (note 8)	414	225	235
Redeemable preferred securities (note 9)	-	814	536
Accounts payable and accrued liabilities	1,421	1,428	1,239
Dividends payable (note 12)	21	21	21
Deferred revenue	2,014	1,758	1,779
Provisions (note 10)	10	9	8
Acquisition holdback payables	285	168	150
Lease obligations	113	112	102
Income taxes payable (note 11)	116	88	113
	4,689	5,484	5,090
Non-current liabilities:			
Debt with recourse to Constellation Software Inc. (note 7)	1,881	863	617
Debt without recourse to Constellation Software Inc. (note 8)	1,560	1,385	1,275
Deferred income taxes	643	604	508
Acquisition holdback payables	123	88	87
Lease obligations	251	236	216
Other liabilities (note 5)	290	244	240
	4,748	3,421	2,943
<b>Total liabilities</b>	<b>9,437</b>	<b>8,905</b>	<b>8,033</b>
Shareholders' equity (note 12):			
Capital stock	99	99	99
Accumulated other comprehensive income (loss)	(98)	(99)	(159)
Retained earnings	2,657	1,876	1,762
Non-controlling interests (notes 1, 9 and 18)	478	85	304
	3,136	1,961	2,006
<b>Total liabilities and shareholders' equity</b>	<b>\$ 12,573</b>	<b>\$ 10,866</b>	<b>\$ 10,039</b>
Subsequent events (notes 12 and 19)			

See accompanying notes to the condensed consolidated interim financial statements.

# 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 September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Revenue				
License	\$ 84	\$ 84	\$ 259	\$ 254
Professional services	487	450	1,451	1,290
Hardware and other	78	71	204	191
Maintenance and other recurring	1,893	1,521	5,449	4,349
	2,541	2,126	7,363	6,084
Expenses				
Staff	1,336	1,112	3,956	3,291
Hardware	43	42	114	113
Third party license, maintenance and professional services	243	208	701	592
Occupancy	18	11	48	37
Travel, telecommunications, supplies, software and equipment	120	99	365	285
Professional fees	43	36	126	107
Other, net	34	37	134	103
Depreciation	46	41	135	120
Amortization of intangible assets (note 6)	271	214	771	620
	2,152	1,799	6,349	5,268
Foreign exchange loss (gain)	30	(23)	16	3
IRGA/TSS Membership liability revaluation charge (note 7)	33	25	122	94
Finance and other expense (income) (note 13)	(18)	2	(50)	(7)
Bargain purchase gain (note 4)	1	(50)	(4)	(51)
Impairment of intangible and other non-financial assets (note 6)	2	1	17	4
Redeemable preferred securities expense (income) (note 9)	-	37	58	319
Finance costs (note 13)	72	50	207	132
	119	41	366	494
Income (loss) before income taxes	270	286	648	322
Current income tax expense (recovery) (note 11)	126	99	396	315
Deferred income tax expense (recovery) (note 11)	(43)	(32)	(196)	(155)
Income tax expense (recovery)	83	67	200	160
Net income (loss)	187	219	448	161
Net income (loss) attributable to:				
Common shareholders of Constellation Software Inc. (notes 1, 9 and 18)	164	227	446	424
Non-controlling interests (notes 1, 9, and 18)	23	(8)	2	(263)
Net income (loss)	187	219	448	161
Earnings per common share of Constellation Software Inc.				
Basic and diluted (note 14)	\$ 7.74	\$ 10.70	\$ 21.04	\$ 20.02

See accompanying notes to the condensed consolidated interim financial statements.

## 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 September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Net income (loss)	\$ 187	\$ 219	\$ 448	\$ 161
Items that are or may be reclassified subsequently to net income (loss):				
Foreign currency translation differences from foreign operations and other, net of tax	71	(58)	8	(27)
Other comprehensive income (loss), net of income tax	71	(58)	8	(27)
Total comprehensive income (loss)	\$ 258	\$ 161	\$ 456	\$ 135
Total other comprehensive income (loss) attributable to				
Common shareholders of Constellation Software Inc. (notes 1, 9 and 18)	60	(46)	7	(21)
Non-controlling interests (notes 1, 9 and 18)	11	(12)	2	(6)
Total other comprehensive income (loss)	\$ 71	\$ (58)	\$ 8	\$ (27)
Total comprehensive income (loss) attributable to				
Common shareholders of Constellation Software Inc. (notes 1, 9 and 18)	224	180	453	404
Non-controlling interests (notes 1, 9 and 18)	34	(20)	3	(269)
Total comprehensive income (loss)	\$ 258	\$ 161	\$ 456	\$ 135

See accompanying notes to the condensed consolidated interim financial statements.

# 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

Nine months ended September 30, 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>	<b>\$ 99</b>	<b>\$ (99)</b>	<b>\$ 1,876</b>	<b>\$ 1,877</b>	<b>\$ 85</b>	<b>\$ 1,961</b>
<i>Total comprehensive income (loss):</i>						
Net income (loss)	-	-	446	446	2	448
<i>Other comprehensive income (loss)</i>						
Foreign currency translation differences from foreign operations and other, net of tax	-	7	-	7	2	8
<b>Total other comprehensive income (loss)</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>7</b>	<b>2</b>	<b>8</b>
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>7</b>	<b>446</b>	<b>453</b>	<b>3</b>	<b>456</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 (note 9)	-	-	-	-	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 (note 1)		(6)	400	394	(394)	-
Other movements in non-controlling interests	-	-	(1)	(1)	(3)	(4)
Dividends paid to non-controlling interests (note 18)	-	-	-	-	(86)	(86)
Dividends to shareholders of the Company (note 12)	-	-	(64)	(64)	-	(64)
<b>Balance at September 30, 2024</b>	<b>\$ 99</b>	<b>\$ (98)</b>	<b>\$ 2,657</b>	<b>\$ 2,658</b>	<b>\$ 478</b>	<b>\$ 3,136</b>

See accompanying notes to the condensed consolidated interim financial statements.

# 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

Nine months ended September 30, 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>	<b>\$ 99</b>	<b>\$ (150)</b>	<b>\$ 1,763</b>	<b>\$ 1,713</b>	<b>\$ 221</b>	<b>\$ 1,933</b>
<i>Total comprehensive income (loss):</i>						
Net income (loss)	-	-	424	424	(263)	161
<i>Other comprehensive income (loss)</i>						
Foreign currency translation differences from foreign operations and other, net of tax	-	(21)	-	(21)	(6)	(27)
<b>Total other comprehensive income (loss)</b>	<b>-</b>	<b>(21)</b>	<b>-</b>	<b>(21)</b>	<b>(6)</b>	<b>(27)</b>
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>(21)</b>	<b>424</b>	<b>404</b>	<b>(269)</b>	<b>135</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	-	-	-	-	5	5
Other movements in non-controlling interests	-	0	16	16	(18)	(2)
Dividends to shareholders of the Company	-	-	(64)	(64)	-	(64)
<b>Balance at September 30, 2023</b>	<b>\$ 99</b>	<b>\$ (159)</b>	<b>\$ 1,762</b>	<b>\$ 1,703</b>	<b>\$ 304</b>	<b>\$ 2,006</b>

See accompanying notes to the condensed consolidated interim financial statements.

# 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 September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Cash flows from (used in) operating activities:				
Net income (loss)	\$ 187	\$ 219	\$ 448	\$ 161
Adjustments for:				
Depreciation	46	41	135	120
Amortization of intangible assets (note 6)	271	214	771	620
IRGA/TSS Membership liability revaluation charge (note 7)	33	25	122	94
Finance and other expense (income) (note 13)	(18)	2	(50)	(7)
Bargain purchase (gain) (note 4)	1	(50)	(4)	(51)
Impairment of intangible and other non-financial assets (note 6)	2	1	17	4
Redeemable preferred securities expense (income) (note 9)	-	37	58	319
Finance costs (note 13)	72	50	207	132
Income tax expense (recovery)	83	67	200	160
Foreign exchange loss (gain)	30	(23)	16	3
Change in non-cash operating assets and liabilities exclusive of effects of business combinations (note 17)	(72)	(7)	(38)	23
Income taxes paid	(118)	(62)	(363)	(310)
Net cash flows from (used in) operating activities	517	513	1,518	1,268
Cash flows from (used in) financing activities:				
Interest paid on lease obligations	(4)	(3)	(10)	(8)
Interest paid on debt	(63)	(34)	(141)	(96)
Proceeds from sale of interest rate cap	-	(1)	-	5
Increase (decrease) in CSI facility (note 7)	-	175	(578)	364
Increase (decrease) in Topicus revolving credit debt facility without recourse to CSI	55	5	147	43
Proceeds from issuance of Senior Notes (note 7)	-	-	1,000	-
Proceeds from issuance of debt facilities without recourse to CSI	37	35	313	290
Repayments of debt facilities without recourse to CSI	(81)	(100)	(113)	(227)
Other financing activities	(4)	(2)	(31)	(1)
Dividends paid to non-controlling interests (note 18)	-	-	(86)	-
Debt transaction costs	(1)	(1)	(13)	(4)
Payments of lease obligations	(31)	(25)	(89)	(78)
Distribution to the Joday Group (note 7)	-	-	(64)	-
Principal repayments to the Joday Group pursuant to the Call Notice (note 7)	-	-	(22)	-
Dividends paid to common shareholders of the Company (note 12)	(21)	(21)	(64)	(64)
Net cash flows from (used in) financing activities	(113)	28	250	224
Cash flows from (used in) investing activities:				
Acquisition of businesses (note 4)	(196)	(389)	(871)	(1,233)
Cash obtained with acquired businesses (note 4)	23	19	89	113
Post-acquisition settlement payments, net of receipts	(53)	(35)	(183)	(168)
Purchases of investments and other assets	(4)	(1)	(5)	(19)
Proceeds from sales of other investments and other assets	2	-	7	119
Decrease (increase) in restricted cash	(4)	(1)	(13)	(1)
Interest, dividends and other proceeds received	12	0	25	3
Property and equipment purchased	(19)	(10)	(42)	(29)
Net cash flows from (used in) investing activities	(240)	(416)	(993)	(1,216)
Effect of foreign currency on cash	33	(19)	11	(10)
Increase (decrease) in cash	195	107	785	265
Cash, beginning of period	\$ 1,873	\$ 970	\$ 1,284	\$ 811
Cash, end of period	\$ 2,069	\$ 1,076	\$ 2,069	\$ 1,076

See accompanying notes to the condensed consolidated interim financial statements.

# CONSTELLATION SOFTWARE INC.

Notes to Condensed Consolidated Interim Financial Statements

(In millions of U.S. dollars, except per share amounts and as otherwise indicated)

(Due to rounding, numbers presented may not foot)

Three and nine months ended September 30, 2024 and 2023

(Unaudited)

## Notes to the condensed consolidated interim financial statements

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# CONSTELLATION SOFTWARE INC.

Notes to Condensed Consolidated Interim Financial Statements

(In millions of U.S. dollars, except per share amounts and as otherwise indicated)

(Due to rounding, numbers presented may not foot)

Three and nine months ended September 30, 2024 and 2023

(Unaudited)

## 1. Reporting entity

Constellation Software Inc. is a company domiciled in Canada. The address of Constellation Software Inc.'s registered office is 65 Wellington Street West, Suite 5300, Toronto, Ontario, Canada. The condensed consolidated interim financial statements of Constellation Software Inc. as at and for the three and nine month period ended September 30, 2024 comprise Constellation Software Inc. and its subsidiaries (together referred to as "Constellation", "CSI", or the "Company") and the Company's interest in associates. The Company is engaged principally in the development, installation and customization of software as well as in the provisioning of related professional services and support for customers globally across over 100 diverse markets.

### Preferred Share Investment in Lumine Group Inc. ("Lumine")

At the beginning of the fiscal year, the Company owned 63,582,712 preferred shares ("Lumine Preferred Shares") in the capital of the Company's subsidiary, Lumine. The Lumine Preferred Shares were non-voting and under certain conditions were redeemable at the option of CSI for a redemption price of \$21.74 (the "Initial Face Value") per share. The redemption price was to either be settled in cash or through the issuance of a variable number of subordinate voting shares of Lumine ("Lumine Subordinate Voting Shares") based on the terms of the Lumine Preferred Shares, or any combination thereof. The Lumine Preferred Shares were also convertible into Lumine Subordinate Voting Shares at a conversion ratio of 1:2.4302106 at any time. The Lumine Preferred Shares entitled CSI to a fixed annual cumulative dividend of 5% per annum on the Initial Face Value.

On March 25, 2024, all of the Lumine Preferred Shares were converted into Lumine Subordinate Voting Shares, and additional Lumine Subordinate Voting Shares were issued in satisfaction of the amounts owing in connection with the accrued dividends on the Lumine Preferred Shares. As of September 30, 2024, CSI holds 157,553,539 Lumine Subordinate Voting Shares.

Subsequent to the conversion, CSI continues to consolidate Lumine and now reflects an equity interest of 61.40% (December 31, 2023 – 0%) in Lumine and a non-controlling interest of 38.60% (December 31, 2023 – 100%).

## 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 2023 annual consolidated financial statements, available on the System for Electronic Document Analysis and Retrieval ("SEDAR+") at [www.sedarplus.com](http://www.sedarplus.com), except as disclosed herein.

These condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors of the Company on November 8, 2024.

These condensed consolidated interim financial statements should be read in conjunction with the Company's 2023 annual consolidated financial statements.

# CONSTELLATION SOFTWARE INC.

Notes to Condensed Consolidated Interim Financial Statements

(In millions of U.S. dollars, except per share amounts and as otherwise indicated)

(Due to rounding, numbers presented may not foot)

Three and nine months ended September 30, 2024 and 2023

(Unaudited)

## **(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 condensed consolidated interim financial statements are presented in U.S. dollars, which is Constellation'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 2023 annual consolidated financial statements and described in these condensed consolidated interim financial statements. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and other assumptions that are considered reasonable in the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded, with corresponding effect in profit or loss, when, and if, better information is obtained.

## **3. Material accounting policies**

Unless otherwise noted in the condensed consolidated interim financial statements, the material accounting policies used in preparing these condensed consolidated interim financial statements are unchanged from those disclosed in the Company's 2023 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 Constellation's subsidiaries.

Recent accounting pronouncements not yet adopted:

The IASB has issued IFRS 18, Presentation and Disclosure in Financial Statements (replacing IAS 1, Presentation of Financial Statements), with an aim to improve how information is communicated in the financial statements, with a focus on information in the statement of income that will become effective on January 1, 2027. We are assessing the impacts IFRS 18 will have on our consolidated financial statements.

## **4. Business acquisitions**

(a) On April 30, 2024, the Company completed the acquisition of the Public Safety Businesses from Conduent Incorporated ("Conduent"). The Company paid cash of \$174 plus issued an estimated cash holdback payable of \$109. The total consideration resulting from acquisition of the Public Safety Business from Conduent is \$283.

# CONSTELLATION SOFTWARE INC.

Notes to Condensed Consolidated Interim Financial Statements

(In millions of U.S. dollars, except per share amounts and as otherwise indicated)

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Three and nine months ended September 30, 2024 and 2023

(Unaudited)

The Curbside Management business, now doing business as Trellint, provides parking management systems to the public sector, while the Public Safety business, now doing business as Elovate, provides traffic management solutions such as automated photo enforcement for speed and red-light violations processing to its government clients. The acquisition has been accounted for using the acquisition method with the results of operations included in the condensed consolidated interim financial statements for the period ended September 30, 2024 from the date of the acquisition.

The goodwill recognized in connection with this acquisition is primarily attributable to the application of the Company's best practices to improve the operations of the company acquired, synergies with existing businesses of the Company, and other intangible assets that do not qualify for separate recognition including assembled workforce. Goodwill in the amount of \$18 is expected to be deductible for income tax purposes.

The gross contractual amounts of acquired receivables was \$23; however, the Company has recorded an allowance of \$nil 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 this acquisition, the Company is in the process of determining and finalizing the estimated fair value of the net assets acquired. The amounts determined on a provisional basis generally relate to net asset assessments and measurement of the assumed liabilities. The provisional purchase price allocations may differ from the final purchase price allocations, and these differences may be material. Revisions to the allocations will occur as additional information about the fair value of assets and liabilities becomes available.

The impact of acquisition accounting applied on a provisional basis in connection with the acquisition of Public Safety Business from Conduent is as follows:

# CONSTELLATION SOFTWARE INC.

Notes to Condensed Consolidated Interim Financial Statements

(In millions of U.S. dollars, except per share amounts and as otherwise indicated)

(Due to rounding, numbers presented may not foot)

Three and nine months ended September 30, 2024 and 2023

(Unaudited)

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Assets acquired:		
Cash	\$	1
Accounts receivable		23
Other current assets		34
Property and equipment		66
Right of use assets		4
Other non-current assets		0
Technology assets		39
Customer assets		131
		<hr/>
		298
Liabilities assumed:		
Current liabilities		21
Deferred revenue		4
Long-term lease obligations		2
Other non-current liabilities		4
		<hr/>
		33
Goodwill		18
<b>Total consideration</b>	<b>\$</b>	<b>283</b>
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The acquisition of Public Safety Businesses contributed revenue of \$66 and net income of \$8 for the nine-month period ended September 30, 2024. If this acquisition had occurred on January 1, 2024, the Company estimates that pro-forma consolidated revenue and pro-forma consolidated net income would have been \$7,410 and \$451 compared to the actual amounts reported in the condensed consolidated interim statement of income (loss) for period ended September 30, 2024.

(b) During the nine-month period ended September 30, 2024, the Company completed a number of additional acquisitions for aggregate cash consideration of \$697 plus cash holdbacks of \$141 and contingent consideration with an estimated acquisition date fair value of \$60. The total consideration resulting from the additional acquisitions in the nine-month period ended September 30, 2024 was \$898. 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, 2024 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, which include both maximum, or capped, and unlimited contingent consideration amounts, the estimated increase to the initial consideration is not expected to exceed \$90 at the time of the acquisition. Aggregate contingent consideration of \$175 (December 31, 2023 - \$192) 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

# CONSTELLATION SOFTWARE INC.

Notes to Condensed Consolidated Interim Financial Statements

(In millions of U.S. dollars, except per share amounts and as otherwise indicated)

(Due to rounding, numbers presented may not foot)

Three and nine months ended September 30, 2024 and 2023

(Unaudited)

interim statements of income (loss). Income of \$4 and an expense of \$12 has been recorded for the three and nine months ended September 30, 2024, as a result of such changes (expense of \$3 and income of \$8 for the three and nine months ended September 30, 2023).

No additional acquisitions were deemed to be individually significant. The majority of the businesses acquired during the period were acquisitions of shares and the remainder were asset acquisitions. The cash holdbacks are generally payable over a two-year period and are adjusted, as necessary, for such items as working capital or net tangible asset assessments, as defined in the agreements, and claims under the respective representations and warranties of the purchase and sale agreements.

The additional acquisitions during the nine-month period ended September 30, 2024 include software companies catering to the following markets: agribusiness, communications, dealer, education, enterprise resource planning, facility management, data management, financial services, hospitality, human capital, information technology, insurance, language, library, mining, public safety, performance management, language, retail management and distribution, revenue cycle management, travel, data imaging, event management, publishing, local government, food and beverage, advertising and marketing, software development, wholesale and distribution sales automation and field services, asset management, fitness, creative agencies, contact centres, oil and gas, loyalty, manufacturing, food services, security, public sector, logistics, transit, property management, not-for-profit organizations, convenience store distribution, pharmacy, legal, associations, real estate brokers and agents, pulp and paper manufacturers, third party logistics warehouse management systems and healthcare 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 condensed consolidated interim financial statements from the date of each acquisition.

The goodwill recognized in connection with these additional acquisitions is primarily attributable to the application of Constellation's best practices to improve the operations of the companies acquired, synergies with existing businesses of Constellation, and other intangible assets that do not qualify for separate recognition including assembled workforce. Goodwill in the amount of \$15 is expected to be deductible for income tax purposes for the additional acquisitions.

The gross contractual amounts of acquired receivables from the additional acquisitions was \$74; however, the Company has recorded an allowance of \$3 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 2024 and the last quarter of 2023. The amounts determined on a provisional basis generally relate to net asset assessments and measurement of the assumed liabilities, including acquired contract liabilities. The provisional purchase price allocations may differ from the final purchase price allocations, and these differences may be material. Revisions to the allocations will occur as additional information about the fair value of assets and liabilities becomes available. The cash consideration associated with these provisional estimates (including individually significant acquisitions) totals \$1,247.

The aggregate impact of acquisition accounting applied in connection with the aggregate of business acquisitions that are not individually significant in the period ended September 30, 2024 is as follows:

# CONSTELLATION SOFTWARE INC.

Notes to Condensed Consolidated Interim Financial Statements

(In millions of U.S. dollars, except per share amounts and as otherwise indicated)

(Due to rounding, numbers presented may not foot)

Three and nine months ended September 30, 2024 and 2023

(Unaudited)

<hr/>		
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Assets acquired:		
Cash	\$	88
Accounts receivable		71
Other current assets		70
Property and equipment		17
Right of use assets		33
Other non-current assets		3
Deferred income taxes		5
Technology assets		486
Customer assets		449
		<hr/>
		1,223
Liabilities assumed:		
Current liabilities		147
Deferred revenue		101
Deferred income taxes		142
Long-term debt		1
Long-term lease obligations		26
Other non-current liabilities		8
		<hr/>
		425
Non-controlling interest		(0)
Goodwill		104
Bargain purchase gain		(3)
<hr/>		
<b>Total consideration</b>	<b>\$</b>	<b>898</b>
<hr/>		

(c) The 2024 additional business acquisitions did not have a material impact to either the consolidated revenue or the consolidated net income (loss) for the nine months ended September 30, 2024. The materiality threshold is reviewed on a regular basis taking into account the quantitative (contribution to revenue and net income (loss)) and qualitative (size and comparability with other Constellation businesses) factors of current period acquisitions on both an individual and aggregate basis.

(d) The chart below outlines the significant measurement period adjustments and adjustments to estimated holdback payables on prior year acquisitions which have been reflected on the condensed consolidated interim statement of financial position as of December 31, 2023 and September 30, 2023. CSI also adjusted the condensed consolidated interim statement of income (loss) for the period ending September 30, 2023 for an increase of \$49 to

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the bargain purchase gain associated with measurement period adjustments recorded in the three months ended December 31, 2023 relating to an acquisition which closed in the nine months ended September 30, 2023.

	December 31, 2023	September 30, 2023
Current Assets:		
Accounts receivable	(8)	(8)
Unbilled revenue	(1)	2
Inventories	0	-
Acquisition holdback receivables	7	-
Other assets	(3)	2
	(5)	(4)
Non-current Assets:		
Property and equipment	(0)	(0)
Right of use assets	0	0
Deferred income taxes	1	1
Other assets	0	72
Intangible assets	(29)	(34)
	(28)	40
Total assets	(33)	36
Current liabilities:		
Accounts payable and accrued liabilities	(5)	(7)
Deferred revenue	1	1
Acquisition holdback payables	(6)	(2)
Lease obligations	-	(0)
Income taxes payable	(2)	1
	(11)	(7)
Non-current liabilities:		
Deferred income taxes	(21)	(9)
Acquisition holdback payables	1	-
Lease obligations	(0)	-
Other liabilities	(2)	2
	(22)	(6)
Total liabilities	(33)	(14)
Retained earnings and shareholders' equity	-	49

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## 5. Other assets and other non-current liabilities

### (a) Other assets

	September 30, 2024	December 31, 2023
Prepaid expenses and other current assets	\$ 329	\$ 279
Holdback receivable	4	15
Investment tax credits recoverable	67	53
Sales tax receivable	56	40
Equity securities held for trading	16	14
Income tax and other receivables	164	141
<b>Total other current assets</b>	<b>\$ 636</b>	<b>\$ 541</b>
Investment tax credits recoverable	\$ 19	\$ 13
Costs to obtain a contract	83	71
Non-current trade and other receivables and other assets	220	192
Equity accounted investees	9	10
<b>Total other non-current assets</b>	<b>\$ 331</b>	<b>\$ 287</b>

### (b) Other non-current liabilities

	September 30, 2024	December 31, 2023
Contingent consideration	\$ 101	\$ 93
Deferred revenue	88	88
Other non-current liabilities	100	63
<b>Total other non-current liabilities</b>	<b>\$ 290</b>	<b>\$ 244</b>



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Notes to Condensed Consolidated Interim Financial Statements

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Three and nine months ended September 30, 2024 and 2023

(Unaudited)

## 6. Intangible Assets

	Technology Assets	Customer Assets	Backlog	Non-compete agreements	Trademarks	Goodwill	Total
<b>Cost</b>							
Balance at January 1, 2023	\$ 3,934	\$ 3,296	\$ 17	\$ 2	\$ 29	\$ 801	\$ 8,078
Acquisitions through business combinations	1,003	1,349	(0)	-	-	460	2,812
Effect of movements in foreign exchange	67	61	0	0	1	20	149
Balance at December 31, 2023	\$ 5,003	\$ 4,705	\$ 17	\$ 2	\$ 29	\$ 1,281	\$ 11,039
Balance at January 1, 2024	\$ 5,003	\$ 4,705	\$ 17	\$ 2	\$ 29	\$ 1,281	\$ 11,039
Acquisitions through business combinations	526	580	-	-	0	124	1,230
Effect of movements in foreign exchange and other	21	22	0	(0)	0	4	46
Balance at September 30, 2024	\$ 5,550	\$ 5,307	\$ 17	\$ 2	\$ 30	\$ 1,409	\$ 12,314
<b>Accumulated amortization and impairment losses</b>							
Balance at January 1, 2023	\$ 2,280	\$ 1,103	\$ 17	\$ 2	\$ 6	\$ 9	\$ 3,416
Amortization for the period	494	364	0	0	2	-	859
Impairment charge	10	8	-	-	-	8	26
Effect of movements in foreign exchange	38	22	0	0	-	-	60
Balance at December 31, 2023	\$ 2,822	\$ 1,497	\$ 17	\$ 2	\$ 7	\$ 16	\$ 4,361
Balance at January 1, 2024	\$ 2,822	\$ 1,497	\$ 17	\$ 2	\$ 7	\$ 16	\$ 4,361
Amortization for the period	443	327	0	(0)	1	-	771
Impairment charge	6	6	-	-	-	4	15
Effect of movements in foreign exchange	18	10	0	0	-	-	28
Balance at September 30, 2024	\$ 3,289	\$ 1,839	\$ 17	\$ 2	\$ 8	\$ 20	\$ 5,176
<b>Carrying amounts</b>							
At January 1, 2023	\$ 1,654	\$ 2,192	\$ 0	\$ (0)	\$ 23	\$ 792	\$ 4,662
At December 31, 2023	\$ 2,182	\$ 3,209	\$ 0	\$ -	\$ 22	\$ 1,264	\$ 6,677
At January 1, 2024	\$ 2,182	\$ 3,209	\$ 0	\$ -	\$ 22	\$ 1,264	\$ 6,677
At September 30, 2024	\$ 2,261	\$ 3,468	\$ 0	\$ (0)	\$ 21	\$ 1,388	\$ 7,139

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(Unaudited)

## 7. Debt with recourse to CSI

	CSI Facility	Senior Notes	Liability of CSI under the IRGA	Debentures	Term Loan	Total
Principal outstanding at (and, except for debentures, equal to fair value)	\$ -	\$ 1,000	\$ 679	\$ 367	\$ 87	\$ 2,132
Deduct: Unamortized transaction costs included in debt balance	-	(8)	-	-	(0)	(8)
Add: Unamortized debt premium	-	-	-	51	-	51
Carrying value at September 30, 2024	-	992	679	418	87	2,176
Current portion	-	-	294	-	-	294
Non-current portion	-	992	385	418	87	1,881

### CSI Facility

On January 31, 2024, the Company completed an amendment and restatement of its existing credit facility agreement (the “CSI Facility”). The facility limit has been increased from \$840 to \$1,085, with a syndicate of existing and new institutions. The agreement has also moved from a secured to an unsecured facility structure, which continues to be available for general corporate purposes including acquisitions and working capital. The CSI Facility is guaranteed by certain subsidiaries of the Company. The CSI Facility bears a variable interest rate with no fixed repayments required over the term to maturity. Interest rates are calculated at standard U.S. and Canadian reference rates plus interest rate spreads based on a leverage table. The CSI 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, 2024, \$nil (December 31, 2023 – \$578) had been drawn from this credit facility, and letters of credit totaling \$13 (December 31, 2023 - \$13) were issued, which limits the borrowing capacity on a dollar-for-dollar basis. CSI accounted for the January 31, 2024 amendment as an extinguishment under IFRS and as a result, all previously capitalized transactions costs were written-off during the three months ended March 31, 2024.

### Senior Notes

On February 16, 2024, the Company completed a private offering of \$500 aggregate principal amount of 5.158% senior notes due 2029 and \$500 aggregate principal amount of 5.461% senior notes due 2034 (collectively, the “Senior Notes”). The Senior Notes are senior unsecured obligations of the Company and rank equally in right of payment to all of the Company’s existing and future senior unsecured indebtedness, including the CSI Facility. The Senior Notes are guaranteed by certain subsidiaries of the Company on the same basis as such subsidiaries have guaranteed the CSI Facility. Transaction costs associated with the Senior Notes are being amortized through profit or loss using the effective interest rate method.

### Liability of CSI under the terms of the IRGA/TSS Members Agreement

On December 23, 2014, in accordance with the terms of the purchase and sale agreement for the initial acquisition of Total Specific Solutions (“TSS”) by CSI, and on the basis of the term sheets attached thereto, Constellation and the sellers of TSS along with certain members of TSS’ executive management team (collectively, the “Joday Group”) among others, entered into a Members Agreement (the “TSS Members Agreement”) pursuant to which the Joday Group acquired 33.29% of the voting interests in Constellation Software Netherlands Holding Coöperatief U.A. (which was renamed to Topicus.com Coöperatief U.A., (“Topicus Coop”)), a subsidiary of Constellation and the indirect owner of 100% of TSS at the time of the acquisition. Total proceeds from this transaction was EUR 39.

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On January 5, 2021, the TSS Members Agreement was terminated in conjunction with the acquisition of Topicus.com B.V., the reorganization of Topicus Coop and the execution of the Investors Rights and Governance Agreement ("IRGA"). The IRGA was established to create certain contractual obligations of the parties in respect of the governance of Topicus and Topicus Coop. The IRGA provides for transfer restrictions in respect of the ordinary units of Topicus Coop ("Topicus Coop Ordinary Units" or the "Topicus Coop Units").

Any time after January 5, 2021, any member of the Joday Group has the right, at their option, to sell any number of its Topicus Coop Units to CSI at a cash price per Topicus 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 Topicus 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 Topicus the right to purchase such Topicus 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 their option, to sell all of its Topicus Coop Units to CSI at a cash price per Topicus 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 Topicus Coop Units. Notwithstanding the foregoing, CSI can offer Topicus the right to purchase such Topicus Coop Units in lieu of CSI.

If CSI reduces its economic interest in Topicus by a sale or transfer of its economic interest (and not due to any additional issuance of any shares or equity by Topicus) 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 their option, to sell to CSI one-third of its Topicus Coop Units at a cash price per Topicus 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 Topicus Coop Units. Notwithstanding the foregoing, CSI can offer Topicus the right to purchase such Topicus 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 Topicus Coop Units, respectively, at its option, if CSI further reduces its remaining fully-diluted economic interest in Topicus by a sale or transfer of its economic interest by one-half and again if CSI sells its entire remaining economic interest in Topicus.

All of the Topicus Coop Ordinary Units held by the Joday Group and Ijssel B.V. (collectively, the "Topicus Coop Exchangeable Units") are exchangeable, directly or indirectly, for Topicus Subordinate Voting Shares. All of the above rights of members of the Joday Group apply to any Topicus Subordinate Voting Shares issued on an exchange of Topicus Coop Exchangeable Units.

At any time after December 31, 2023, CSI has the right, at its option, to buy all of the Topicus Coop Units and shares of Topicus held by certain members of the Joday Group (excluding Joday Investments VI B.V. ("Joday")) at a cash price per Topicus Coop Unit (or share of Topicus, as applicable) determined in accordance with the IRGA. After December 31, 2043, CSI has the same right to buy all of the Topicus Coop Units and shares of Topicus 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 Topicus 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 Topicus Coop Units held by such individuals at a cash price per Topicus Coop Unit determined in accordance with the IRGA.

The Company has continued to classify the above obligations of CSI under the terms of the IRGA as a liability. The main valuation driver in such calculation is the maintenance and other recurring revenue of Topicus. Maintenance

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and recurring revenue of Topicus for the trailing twelve months on a pro-forma basis determined at the end of the current reporting period was used as the basis for valuing the interests at each redemption date. Any increase or decrease in the value of such liability is recorded as an expense or income in the condensed consolidated interim statements of income (loss) for the period.

During the three months ended March 31, 2024, the Company exercised its call option ("Call Notice") to buy certain Topicus Coop Units from certain members of the Joday Group. The Company exercised its call option to purchase 1,773,030 Topicus Coop Units for a total purchase price of EUR 30. The Company subsequently sold 589,967 of the purchased Topicus Coop Units back to certain remaining members of the Joday Group for total proceeds of EUR 10. The Joday Group's interest in Topicus Coop now comprises 38,148,221 Topicus Coop Ordinary Units resulting in an interest of 29.38% in Topicus Coop. CSI subsequently exchanged 994,110 Topicus Coop Ordinary Units for 994,110 Topicus Subordinate Voting Shares and as of September 30, 2024, CSI holds 188,953 Topicus Coop Ordinary Units and 40,406,513 Topicus Subordinate Voting Shares.

During the three months ended March 31, 2024, a distribution in the amount of EUR 59 was paid to the Joday Group.

## *Debentures*

On October 1, 2014 and November 19, 2014, the Company issued debentures with a total principal value of C\$96 for total proceeds of C\$91. On September 30, 2015, the Company issued another tranche of debentures (collectively with the 2014 issuances called the "Debentures") with a total principal value of C\$186 for total proceeds of C\$214.

On October 6, 2023, a total of C\$213 principal amount of debentures ("2023 Debentures") were issued at a price of C\$133.00 per C\$100.00 principal amount of 2023 Debentures purchased representing proceeds to the Company of C\$283 which was used by the Company to pay down indebtedness under its existing credit facility. The 2023 Debentures were issued as an additional tranche of, and will form a single series with, the outstanding C\$282 aggregate principal amount of Debentures.

The Debentures have a maturity date of March 31, 2040 (the "Maturity Date").

The interest rate from and including:

- March 31, 2021 but excluding March 31, 2022 was 7.2%
- March 31, 2022 but excluding March 31, 2023 was 9.9%
- March 31, 2023 but excluding March 31, 2024 is 13.3%
- March 31, 2024 but excluding March 31, 2025 is 10.4%

Subsequent from and including March 31, 2025 to but excluding the Maturity Date, the interest rate applicable to the Debentures will be reset on an annual basis on March 31 of each year, at a rate equal to the annual average percentage change in the All-items Consumer Price Index during the 12-month period ending on December 31 in the prior year (which amount may be positive or negative) plus 6.5%. Notwithstanding the foregoing, the interest rate applicable to the debentures will not be less than 0%. The Company may, subject to certain approvals, elect the Payment in Kind election ("PIK Election"), in lieu of paying interest in cash, to satisfy all or any portion of its interest obligation payable on an interest payment date by issuing to each Debenture holder PIK Debentures equal to the amount of the interest obligation to be satisfied. The PIK Debentures will have the same terms and conditions as the Debentures and will form part of the principal amount of the Debentures. If, on any interest payment date,

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the Company fails to pay the amount of interest owing on the Debentures in full in cash, the Company will not (A) declare or pay dividends of any kind on the Common Shares, nor (B) participate in any share buyback or redemption involving the Common Shares, until the date on which the Company pays such interest (or the unpaid portion thereof) in cash to holders of the Debentures; however, where the Company has issued PIK Debentures in respect of all or a portion of the amount of interest owing on the Debentures on an interest payment date, the Company may resume declaring or paying dividends of any kind on the Common Shares and participating in any share buyback or redemption involving the Common Shares beginning on the next earlier of (i) the interest payment date of which the Company pays the amount of interest owing on the Debentures in full in cash and (ii) the date on which the Company repays all amounts owing under the PIK Debenture. All payments in respect of the Debentures will be subordinated in right of payment to the prior payment in full of all senior indebtedness of the Company.

The Debentures will be redeemable in certain circumstances at the option of the Company or the holder. During the period beginning on March 16 and ending on March 31 of each year, the Company will have the right, at its option, to give notice to holders of Debentures of its intention to redeem the Debentures, in whole or in part, on March 31 in the year that is five years following the year in which notice is given, at a price equal to the principal amount thereof plus accrued and unpaid interest up to but excluding the date fixed for redemption. During the period beginning on March 1 and ending on March 15 of each year, holders of Debentures will also have the right, at their option, to give notice to the Company of their intention to require the Company to repurchase (or to “put”) the Debentures, in whole or in part, on March 31 in the year that is five years following the year in which notice is given, at a price equal to the principal amount thereof plus accrued and unpaid interest up to but excluding the date fixed for repurchase.

During the periods ended September 30, 2024 and December 31, 2023, no notices for redemption of the Debentures were received or given by the Company.

The fair value of the debentures as at September 30, 2024 was \$451 (December 31, 2023 - \$480).

## *Term Loan*

One of CSI's subsidiaries has entered into a GBP 65 term debt facility with a financial institution for which CSI has guaranteed the debt. The facility bears a fixed rate of interest. The term loan contains events of default that, if not remedied, allow the loan note holder to require repayment of the loan principal and interest. The loan is due in 2028.

## **8. Debt without recourse to CSI**

Certain of CSI's subsidiaries have entered into term debt facilities and revolving credit facilities with various financial institutions. CSI does not guarantee the debt of these subsidiaries, nor are there any cross-guarantees between subsidiaries. The credit facilities are collateralized by substantially all of the assets of the borrowing entity and its subsidiaries. The credit facilities typically bear interest at a rate calculated using an interest rate index plus a margin. The financing arrangements for each subsidiary typically contain certain restrictive covenants, which may include limitations or prohibitions on additional indebtedness, payment of cash dividends, redemption of capital, capital spending, making of acquisitions and sales of assets. In addition, certain financial covenants must be met by those subsidiaries that have outstanding debt.

In conjunction with the acquisition of Optimal Blue, the Company had entered into a promissory note agreement (“Promissory Note”). The Promissory Note accrues interest at a rate of 7% per annum, is compounded annually and is payable in arrears. The first cash interest and principal payment under the Promissory Note is due on the

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day prior to the fifth anniversary and thereafter interest and principal payments will be due annually on the subsequent anniversaries of that date. The Promissory Note matures in 2063, subject to earlier optional prepayment.

Debt without recourse to CSI comprises the following:

	Topicus Revolving Credit Facility	Debt Facilities	Promissory Note	Total
Principal outstanding (and equal to fair value)	\$ 324	\$ 1,163	\$ 500	\$ 1,987
Deduct: Carrying value of transaction costs included in debt balance	(3)	(10)	-	(13)
Carrying value at September 30, 2024	321	1,153	500	1,974
Current portion	321	93	-	414
Non-current portion	-	1,060	500	1,560

The annual minimum repayment requirements for the debt facilities without recourse to CSI (excluding the Topicus Revolving Credit Facility and Promissory Note) are as follows:

Year	Debt Facilities
2024	35
2025	79
2026	294
2027	443
2028	270
2029	38
2030	2
2031	2
	1,163

The annual minimum repayment requirements for the Promissory Note are as follows:

Year	September 30, 2024
2025 - 2029	\$ 7
2030- 2063	493
Total	\$ 500

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## 9. Redeemable Preferred Securities

On February 22, 2023, the Company completed the acquisition of 100% of the shares of WideOrbit Inc. ("WideOrbit"). In conjunction with the acquisition of WideOrbit, Lumine issued 10,204,294 Lumine Special Shares to the sellers of WideOrbit for an initial subscription price of approximately \$222 which was included in the purchase consideration. Under certain conditions, the Lumine Special Shares were retractable at the option of the holder for a retraction price of the Initial Face Value per Lumine Special Share plus one Lumine Subordinate Voting Share for each Lumine Special Share held and had been classified as a liability on the balance sheet of the Company. The Lumine Special Shares were also convertible into Lumine Subordinate Voting Shares at a conversion ratio of 1:3.4302106 at any time. The holders of the Lumine Special Shares were also entitled to a fixed annual cumulative dividend of 5% per annum.

On March 25, 2024, all of the Lumine Special Shares were converted into Lumine Subordinate Voting Shares, and additional Lumine Subordinate Voting Shares were issued in satisfaction of the amounts owing in connection with the accrued dividends on Lumine Special Shares. Specifically, a total of 35,076,193 Lumine Subordinate Voting Shares were issued.

## 10. Provisions

At January 1, 2024	\$	20
Reversal		(3)
Provisions recorded during the period		14
Provisions used during the period		(12)
Effect of movements in foreign exchange and other		0
At September 30, 2024	\$	20
Provisions classified as current liabilities		10
Provisions classified as other non-current liabilities		10

The provisions balance is comprised of various individual provisions for onerous contracts and other estimated liabilities of the Company of uncertain timing or amount.

## 11. 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, 2024 was 31% and 31% (23% and 50% for the three and nine months ended September 30, 2023). The 2024 year to date and 2023 effective tax rates were impacted by the redeemable preferred securities expense, which is not deductible for tax purposes.

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Constellation 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 intercompany 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 Constellation could also be subject to interest and penalty charges.

## 12. Capital and other components of equity

	Common Shares	
	Number	Amount
September 30, 2024	21,191,530	\$ 99
December 31, 2023	21,191,530	\$ 99

### *Dividends and other distributions to shareholders*

During the three months ended September 30, 2024, the Company declared a \$1.00 per share dividend to all common shareholders of record at close of business on September 20, 2024. The dividend declared in the quarter ended September 30, 2024 representing \$21 was paid and settled on October 10, 2024.

During the three months ended June 30, 2024, the Company declared a \$1.00 per share dividend to all common shareholders of record at close of business on June 20, 2024. The dividend declared in the quarter ended June 30, 2024 representing \$21 was paid and settled on July 11, 2024.

During the three months ended March 31, 2024, the Company declared a \$1.00 per share dividend to all common shareholders of record at close of business on March 28, 2024. The dividend declared in the quarter ended March 31, 2024 representing \$21 was paid and settled on April 15, 2024.

The dividend declared in the quarter ended December 31, 2023 representing \$21 was paid and settled on January 11, 2024.



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## 13. Finance and other expense (income) and finance costs

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Interest income on cash	\$ (10)	\$ (0)	\$ (25)	\$ (1)
(Increase) decrease in the fair value of equity securities held for trading	(2)	8	(2)	3
Share in net (income) loss of equity investee	0	0	0	0
Finance and other income	(6)	(5)	(23)	(9)
<b>Finance and other expense (income)</b>	<b>\$ (18)</b>	<b>\$ 2</b>	<b>\$ (50)</b>	<b>\$ (7)</b>
Interest expense on debt and debentures	\$ 63	\$ 38	\$ 175	\$ 102
Interest expense on lease obligations	4	3	10	9
Amortization of debt related transaction costs	2	2	5	4
Amortization of debenture discount (premium)	(1)	-	(2)	-
Other finance costs	4	7	19	18
<b>Finance costs</b>	<b>\$ 72</b>	<b>\$ 50</b>	<b>\$ 207</b>	<b>\$ 132</b>

## 14. Earnings per share

### Basic and diluted earnings per share

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
<b>Numerator:</b>				
Net income (loss) attributable to common shareholders of CSI	\$ 164	\$ 227	\$ 446	\$ 424
<b>Denominator:</b>				
Basic and diluted shares outstanding	21,191,530	21,191,530	21,191,530	21,191,530
<b>Earnings per share</b>				
Basic and diluted	\$ 7.74	\$ 10.70	\$ 21.04	\$ 20.02

## 15. Financial instruments

### Fair values versus carrying amounts

The carrying values of cash, accounts receivable, accounts payable, accrued liabilities, dividends payable, the majority of the acquisition holdbacks, and the CSI Facility, approximate their fair values due to the short-term nature of these instruments. The carrying value of the debt without recourse to CSI approximate their fair values as the debt is subject to market interest rates. The carrying value of the Senior Notes, IRGA liability and the Term Loan with recourse to CSI approximates fair value.

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## *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 September 30, 2024 and December 31, 2023 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 and the redeemable preferred securities.

	September 30, 2024				December 31, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets:</b>								
Equity securities held for trading	\$ 16	\$ -	\$ -	\$ 16	\$ 14	\$ -	\$ -	\$ 14
	<b>16</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>14</b>
<b>Liabilities:</b>								
Redeemable preferred securities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 814	\$ 814
Contingent consideration	-	-	175	175	-	-	192	192
	<b>-</b>	<b>-</b>	<b>175</b>	<b>175</b>	<b>-</b>	<b>-</b>	<b>1,006</b>	<b>1,006</b>

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, 2024 and December 31, 2023.

The following tables shows a reconciliation from the beginning balances to the ending balances for fair value measurements in level 3 of the fair value hierarchy.

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## *Contingent Consideration*

Balance at January 1, 2024	\$	192
Increase from business acquisitions		60
Cash payments		(95)
Charges (recoveries) through profit or loss		20
Foreign exchange and other movements		(3)
Balance at September 30, 2024		175
Contingent consideration classified as current liabilities		73
Contingent consideration classified as other non-current liabilities		101

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 (7% to 11%). The estimated fair value increases as the annual revenue/profitability growth rate increases and as the discount rate decreases and vice versa.

## *Redeemable Preferred Securities*

Balance at January 1, 2024	\$	814
Redeemable preferred securities expense (income)		58
Conversions to subordinate voting shares of Lumine		(860)
Issuance of Subordinate Voting Shares of Lumine in consideration for accrued dividend		(12)
Payments and other movements		(0)
Balance at September 30, 2024		-

Estimates of the fair value of the Redeemable Preferred Securities are performed by the Company on a quarterly basis. Key unobservable inputs include expected volatility and credit spread of the Lumine Special Shares. The estimated fair value increases as the expected volatility increases. The estimated fair value decreases as the credit spread increases. The key observable input is the subordinated voting share price of Lumine. As the Lumine subordinate voting share price increases, the fair value of the Redeemable Preferred Securities increases.

## **16. 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,

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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.

## 17. Changes in non-cash operating assets and liabilities

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Decrease (increase) in current accounts receivable	\$ 5	\$ 27	\$ 80	\$ 20
Decrease (increase) in current unbilled revenue	3	(14)	(53)	(79)
Decrease (increase) in other current assets	6	(39)	(58)	(60)
Decrease (increase) in inventories	(1)	1	(6)	(2)
Decrease (increase) in other non-current assets	(14)	(1)	(42)	(9)
Increase (decrease) in other non-current liabilities	(13)	(5)	(43)	(69)
Increase (decrease) in current accounts payable and accrued liabilities, excluding holdbacks from acquisitions	77	122	(51)	43
Increase (decrease) in current deferred revenue	(133)	(94)	136	183
Increase (decrease) in current provisions	(2)	(4)	0	(4)
Change in non-cash operating working capital	\$ (72)	\$ (7)	\$ (38)	\$ 23

## 18. Non-controlling interests

### *Topicus:*

Constellation's equity interest in Topicus, a company based in the Netherlands, is 60.65% (39.35% being non-controlling interest) as at September 30, 2024. On May 16, 2022, Topicus also acquired a controlling interest of 72.68% in Sygnity S.A. ("Sygnity"), a company based in Poland. The remaining 27.32% represents non-controlling interest.

During the three months ended March 31, 2024, the Company paid a dividend of \$85 to the non-controlling shareholders of Topicus.

### *Adapt IT:*

On January 3, 2022, the Company acquired a controlling interest in Adapt IT Holdings Limited ("Adapt IT"), a company based in South Africa. As of September 30, 2024, the Company has an interest of 73.93% in Adapt IT (the remaining 26.07% represents non-controlling interest).

### *Lumine:*

On March 25, 2024, the Lumine Preferred Shares and Lumine Special Shares were converted to Lumine Subordinate Voting Shares and the accrued dividend associated with the Lumine Preferred Shares and Lumine Special Shares was settled through the issuance of Lumine Subordinate Voting Shares. The Company now reflects an equity interest of 61.40% (December 31, 2023 – 0%) in Lumine, a company based in Canada, and a non-controlling interest in Lumine of 38.60% (December 31, 2023 – 100%).

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The following tables summarize the information relating to the Company's non-controlling interests in Topicus, Adapt-IT and Lumine as at September 30, 2024 and December 31, 2023:

	As at September 30, 2024		
	Topicus Coop 39.35%	Adapt-IT 26.07%	Lumine 38.60%
Non-controlling interest			
Current assets	511	53	414
Non-current assets	1,170	67	864
Total assets	1,681	120	1,278
Current liabilities	828	36	211
Non-current liabilities	328	26	408
Total liabilities	1,156	61	619
Less: Non-controlling interest of subsidiaries, including interests held by CSI	45	-	-
Net assets after allocation of non-controlling interests (including interests held by CSI)	480	59	660
Inter-group eliminations	(15)	-	6
Total	466	59	665
Net assets allocated to the non-controlling interests of subsidiary	183	15	257
Add: Non-controlling interest of subsidiaries not owned by CSI	21	-	-
Total non-controlling interest	204	15	257

  

	As at December 31, 2023		
	Topicus Coop 39.35%	Adapt-IT 27.96%	Lumine 100.00%
Non-controlling interest			
Current assets	461	37	332
Non-current assets	1,123	73	816
Total assets	1,584	110	1,148
Current liabilities	625	27	4,684
Non-current liabilities	305	26	306
Total liabilities	930	53	4,991
Less: Non-controlling interest of subsidiaries, including interests held by CSI	60	-	-
Net assets after allocation of non-controlling interests (including interests held by CSI)	594	57	(3,843)
Inter-group eliminations	(9)	-	3,661
Total	585	57	(182)
Net assets allocated to the non-controlling interests of subsidiary	230	16	(182)
Add: Non-controlling interest of subsidiaries not owned by CSI	20	-	-
Total non-controlling interest	250	16	(182)

The following tables summarizes the information on the condensed consolidated interim statement of income (loss) relating to Topicus, Adapt-IT and Lumine for the three and nine months ended September 30 2024 and 2023.

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	Three months ended September 30, 2024		
	Topicus Coop	Adapt-IT	Lumine
Revenue	343	26	177
Expenses	292	24	155
Redeemable preferred securities expense (income)	-	-	-
Income (loss) before income taxes	51	2	22
Income tax expense	10	1	4
Net income (loss) prior to non-controlling interest allocation	42	1	18
Less: Non-controlling interest of subsidiaries, including interests held by CSI	2	-	-
Net income (loss) after allocation of non-controlling interest	40	1	18
Inter-group eliminations	(2)	-	1
Total	38	1	19
Net income (loss) attributable to non-controlling interests	15	0	7
Add: Non-controlling interest of subsidiaries not owned by CSI	0	-	-
Total non-controlling interest	16	0	7

	Nine months ended September 30, 2024		
	Topicus Coop	Adapt-IT	Lumine
Revenue	1,011	75	481
Expenses	884	73	439
Redeemable preferred securities expense (income)	-	-	317
Income (loss) before income taxes	127	3	(275)
Income tax expense	25	1	12
Net income (loss) prior to non-controlling interest allocation	102	1	(287)
Less: Non-controlling interest of subsidiaries, including interests held by CSI	2	-	-
Net income (loss) after allocation of non-controlling interest	100	1	(287)
Inter-group eliminations	(4)	-	261
Total	95	1	(26)
Net income (loss) attributable to non-controlling interests	38	0	(37)
Add: Non-controlling interest of subsidiaries not owned by CSI	1	-	-
Total non-controlling interest	38	0	(37)

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(Unaudited)

	Three months ended September 30, 2023		
	Topicus Coop	Adapt-IT	Lumine
Revenue	303	24	131
Expenses	263	24	112
Redeemable preferred securities expense (income)	-	-	195
Income (loss) before income taxes	40	0	(175)
Income tax expense	9	0	4
Net income (loss) prior to non-controlling interest allocation	31	0	(179)
Less: Non-controlling interest of subsidiaries, including interests held by CSI	(0)	-	-
Net income (loss) after allocation of non-controlling interest	31	0	(179)
Inter-group eliminations	(2)	-	159
Total	30	0	(20)
Net income (loss) attributable to non-controlling interests	12	(0)	(20)
Add: Non-controlling interest of subsidiaries not owned by CSI	1	-	-
Total non-controlling interest	12	(0)	(20)

	Nine months ended September 30, 2023		
	Topicus Coop	Adapt-IT	Lumine
Revenue	883	74	357
Expenses	777	72	322
Redeemable preferred securities expense (income)	-	-	1,346
Income (loss) before income taxes	106	2	(1,311)
Income tax expense	27	0	9
Net income (loss) prior to non-controlling interest allocation	79	2	(1,320)
Less: Non-controlling interest of subsidiaries, including interests held by CSI	(1)	-	-
Net income (loss) after allocation of non-controlling interest	80	2	(1,320)
Inter-group eliminations	(4)	-	1,029
Total	76	2	(292)
Net income (loss) attributable to non-controlling interests	30	0	(293)
Add: Non-controlling interest of subsidiaries not owned by CSI	0	-	-
Total non-controlling interest	30	0	(293)

Financial information on the statement of cash flows for Topicus, Adapt-IT and Lumine for the three and nine months ended September 30, 2024 and 2023:

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	Three months ended September 30, 2024		
	Topicus Coop	Adapt-IT	Lumine
Cash flows from (used in) operating activities	35	7	19
Cash flows from (used in) financing activities	(4)	(3)	(10)
Cash flows from (used in) investing activities	(28)	(0)	4

	Nine months ended September 30, 2024		
	Topicus Coop	Adapt-IT	Lumine
Cash flows from (used in) operating activities	291	17	64
Cash flows from (used in) financing activities	(143)	(5)	115
Cash flows from (used in) investing activities	(87)	0	(142)

	Three months ended September 30, 2023		
	Topicus Coop	Adapt-IT	Lumine
Cash flows from (used in) operating activities	28	3	44
Cash flows from (used in) financing activities	(27)	(1)	(57)
Cash flows from (used in) investing activities	(13)	(0)	(1)

	Nine months ended September 30, 2023		
	Topicus Coop	Adapt-IT	Lumine
Cash flows from (used in) operating activities	198	15	82
Cash flows from (used in) financing activities	(54)	(6)	279
Cash flows from (used in) investing activities	(119)	(0)	(285)

## 19. Subsequent events

On November 8, 2024 the Company declared a \$1.00 per share dividend that is payable on January 10, 2025 to all common shareholders of record at close of business on December 20, 2024.

Subsequent to September 30, 2024, the Company completed or has open commitments to acquire a number of businesses for aggregate cash consideration of \$269 on closing plus total estimated deferred payments of \$90 for total consideration of \$359. The business acquisitions operate in the enterprise resource planning, artificial intelligence, manufacturing, information technology, software development, automotive, communications, financial services, hospitality, human resources, data & imaging, travel, consulting, gaming, data security, mining, retail management and distribution, fleet, education and healthcare verticals and are all software companies similar to the existing business of the Company.