Constellation Software Inc.

INTERIM FINANCIAL REPORT

First Quarter Fiscal Year 2025

For the three month period ended
March 31, 2025
(UNAUDITED)

CONSTELLATION SOFTWARE INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

The following discussion and analysis should be read in conjunction with the Unaudited Condensed Consolidated Interim Financial Statements for the three month period ended March 31, 2025, which we prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS). Certain information included herein is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "Forward-Looking Statements" and "Risks and Uncertainties".

Unless otherwise indicated, all dollar amounts are expressed in U.S. dollars. All references to "$" are to U.S. dollars and all references to "C$" are to Canadian dollars. Due to rounding, certain totals and subtotals may not foot and certain percentages may not reconcile.

Additional information about Constellation Software Inc. (the "Company", "Constellation" or "CSI"), including our most recently filed Annual Information Form ("AIF"), is available on SEDAR+ at www.sedarplus.ca.

Forward Looking Statements

Certain statements in this report may contain "forward looking" statements that involve risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company or industry to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Words such as "may", "will", "expect", "believe", "plan", "intend", "should", "anticipate" and other similar terminology are intended to identify forward looking statements. These statements reflect current assumptions and expectations regarding future events and operating performance as of the date of this MD&A May 12, 2025. 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 "Risks and Uncertainties". Although the forward looking statements contained in this MD&A 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 MD&A and the Company assumes no obligation, except as required by law, to update any forward looking statements to reflect new events or circumstances. This report should be viewed in conjunction with the Company's other publicly available filings, copies of which can be obtained electronically on SEDAR+ at www.sedarplus.ca.

Non-IFRS Measures

This MD&A includes certain measures which have not been prepared in accordance with IFRS such as Free cash flow available to shareholders.

Free cash flow available to shareholders ''FCFA2S'' refers to net cash flows from operating activities less interest paid on lease obligations, interest paid on debt, debt transaction costs, payments 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 may not be comparable to similar financial measures disclosed by other issuers. Accordingly, readers are cautioned that FCFA2S should not be construed as an alternative to net cash flows from operating activities. See ‘‘Results of Operations —Free cash flow available to shareholders” for a reconciliation of FCFA2S to net cash flows from operating activities.

Overview

We acquire, manage and build vertical market software (“VMS”) businesses. Generally, these businesses provide mission critical software solutions that address the specific needs of our customers in particular 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 non-recurring license fees charged for the use of software products licensed under multiple-year or perpetual arrangements. 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 associated with CSI software that has been sold to the customer, and hosted software-as-a-service products. Professional service revenue consists of fees charged for implementation services, custom programming, product training, certain managed services, 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. 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, depreciation, and other general operating expenses.

Preferred Share Investment in Lumine

On February 22 and 23, 2023 (as part of a series of transactions relating to the acquisition of WideOrbit Inc. (“WideOrbit”)), the Company’s subsidiary, Lumine Group Inc. (“Lumine”), completed a corporate reorganization. At the beginning of the period, 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 automatically 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 at March 31, 2025, 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%).

Results of Operations

(In millions of dollars, except percentages and per share amounts)

Unaudited

	Three months ended March 31, 2025	Three months ended March 31, 2024	Period-Over-Period Change $	Period-Over-Period Change %
Revenue	**2,654**	**2,353**	**300**	**13%**
Expenses	2,001	1,800	201	11%
Amortization of intangible assets	272	242	30	12%
Foreign exchange (gain) loss	32	(18)	50	NM
IRGA / TSS membership liability revaluation charge	94	81	14	17%
Finance and other expense (income)	(45)	(9)	(36)	412%
Bargain purchase gain	-	(2)	2	-100%
Impairment of intangible and other non-financial assets	3	10	(7)	-74%
Redeemable preferred securities expense (income)	-	58	(58)	-100%
Finance costs	71	67	4	6%
Income before income taxes	227	125	101	81%
Income tax expense (recovery)				
Current income tax expense (recovery)	136	127	9	7%
Deferred income tax expense (recovery)	(49)	(75)	26	-35%
Income tax expense (recovery)	87	52	35	68%
Net income (loss) attributable to:				
Common shareholders of CSI	115	105	10	10%
Non-controlling interests	24	(31)	56	NM
Net income (loss)	**140**	**74**	**66**	**90%**
Net cash flows from operating activities	**827**	**737**	**90**	**12%**
Free cash flow available to shareholders	**510**	**446**	**64**	**14%**
Weighted average number of shares outstanding				
Basic and diluted	21.2	21.2		
Net income (loss) per share				
Basic and diluted	$ 5.44	$ 4.95	$ 0.49	10%
Net cash flows from operating activities per share				
Basic and diluted	$ 39.00	$ 34.76	$ 4.25	12%
Free cash flow available to shareholders per share				
Basic and diluted	$ 24.07	$ 21.04	$ 3.03	14%
Cash dividends declared per share				
Basic and diluted	$ 1.00	$ 1.00	$ -	0%

NM - Not meaningful

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

Comparison of the first quarter ended March 31, 2025 and 2024

Revenue:

Total revenue for the quarter ended March 31, 2025 was $2,654 million, an increase of 13%, or $300 million, compared to $2,353 million for the comparable period in 2024. The increase is primarily attributable to growth from acquisitions as the Company experienced organic growth of 0.3% in the quarter, 2% 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 following table displays the breakdown of our revenue according to revenue type:

	Three months ended March 31,		Period-Over-Period Change		Q124 Proforma Adj. (Note 1)	Organic Growth
	2025	2024	$	%	$	%
	($ in millions, except percentages)					
Licenses	96	88	8	9%	17	-9%
Professional services	487	470	18	4%	49	-6%
Hardware and other	74	59	15	26%	12	5%
Maintenance and other recurring	1,996	1,737	260	15%	215	2%
	2,654	2,353	300	13%	293	0%

$M - Millions of dollars

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 March 31, 2024 from companies acquired after December 31, 2023. (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 Q1 2023. Note that the estimated revenues achieved by acquired companies in the corresponding financial period preceding the date of acquisition by Constellation may be updated in the quarter following the quarter they were acquired resulting in slight variances to previously reported figures.

	Quarter Ended								
	Mar. 31 2023	Jun. 30 2023	Sep. 30 2023	Dec. 31 2023	Mar. 31 2024	Jun. 30 2024	Sep. 30 2024	Dec. 31 2024	Mar. 31 2025
Licenses	-9%	-1%	-7%	15%	-8%	-23%	-20%	-19%	-9%
Professional services	0%	1%	7%	4%	-1%	-2%	-6%	-4%	-6%
Hardware and other	-1%	3%	10%	-18%	-11%	-9%	-7%	4%	5%
Maintenance and other recurring	4%	6%	9%	7%	7%	5%	6%	5%	2%
Revenue	**2%**	**4%**	**7%**	**6%**	**4%**	**2%**	**2%**	**2%**	**0%**

The following table shows the same information adjusting for the impact of foreign exchange movements.

	Quarter Ended								
	Mar. 31 2023	Jun. 30 2023	Sep. 30 2023	Dec. 31 2023	Mar. 31 2024	Jun. 30 2024	Sep. 30 2024	Dec. 31 2024	Mar. 31 2025
Licenses	-7%	-1%	-9%	13%	-9%	-22%	-20%	-19%	-8%
Professional services	3%	1%	4%	2%	-2%	-2%	-7%	-3%	-5%
Hardware and other	2%	3%	6%	-20%	-12%	-8%	-8%	4%	7%
Maintenance and other recurring	6%	7%	7%	6%	6%	6%	6%	5%	4%
Revenue	**5%**	**5%**	**5%**	**4%**	**3%**	**3%**	**1%**	**2%**	**2%**

Expenses:

The following table displays the breakdown of our expenses:

	Three months ended March 31,		Period-Over-Period Change	
	2025	2024	$	%
	($ in millions, except percentages)			
Expenses				
Staff	1,412	1,293	119	9%
Hardware	40	35	5	15%
Third party license, maintenance and professional services	254	215	39	18%
Occupancy	17	14	2	16%
Travel, Telecommunications, Supplies & Software and equipment	131	112	19	17%
Professional fees	47	38	9	23%
Other, net	53	50	4	8%
Depreciation	46	44	3	7%
	2,001	1,800	201	11%

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

Overall expenses for the quarter ended March 31, 2025 increased 11%, or $201 million to $2,001 million, compared to $1,800 million during the same period in 2024. As a percentage of total revenue, expenses equalled 75% for the quarter ended March 31, 2025 and 76% for the same period in 2024. The change in valuation of the US dollar against most major currencies in which the Company transacts business resulted in an approximate 2% decrease in expenses for the three months ended March 31, 2025 compared to the first quarter of 2024.

Staff expense – Staff expenses increased 9% or $119 million for the quarter ended March 31, 2025 over the same period in 2024. 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 March 31,		Period-Over-Period Change	
	2025	2024	$	%
	($ in millions, except percentages)			
Professional services	292	287	5	2%
Maintenance	293	246	47	19%
Research and development	389	360	29	8%
Sales and marketing	167	156	11	7%
General and administrative	271	243	27	11%
	1,412	1,293	119	9%

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

The increase in staff expenses for the quarter ended March 31, 2025 was primarily due to the growth in the number of employees compared to the same period in 2024 primarily due to acquisitions. Staff expenses in the first quarter of every year are typically higher as a percentage of revenue as compared to other quarters, largely attributable to increased payroll tax costs associated with our annual bonus payments that are made in the month of March.

Hardware expenses – Hardware expenses increased 15% or $5 million for the quarter ended March 31, 2025 over the same period in 2024, as compared to the 26% increase in hardware and other revenue for the same periods. Hardware margin for the three months ended March 31, 2025 was 46% as compared to 41% for the same period in 2024.

Third party license, maintenance and professional services expenses – Third party license, maintenance and professional services expenses increased 18% or $39 million for the quarter ended March 31, 2025 over the same period in 2024. The increase is primarily due to third party license, maintenance and professional services expenses of acquired businesses.

Occupancy expenses – Occupancy expenses increased 16% or $2 million for the quarter ended March 31, 2025 over the same period in 2024. This 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 increased 17% or $19 million for the quarter ended March 31, 2025 over the same period in 2024. The increase in these expenses is primarily due to expenses incurred by acquired businesses.

Professional fees – Professional fees increased 23% or $9 million for the quarter ended March 31, 2025 over the same period in 2024. There are no individually material reasons contributing to this variance.

Other, net – Other expenses increased 8% or $4 million for the quarter ended March 31, 2025 over the same period in 2024. The following table provides a further breakdown of expenses within this category.

	Three months ended March 31,		Period-Over-Period Change	
	2025	2024	$	%
	($ in millions, except percentages)			
Advertising and promotion	37	31	6	18%
Recruitment and training	10	10	(0)	-2%
Bad debt expense	1	1	(0)	-28%
R&D tax credits	(10)	(13)	3	-21%
Contingent consideration	7	11	(4)	-34%
Other expense, net	9	9	(0)	0%
	53	50	4	8%

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

The contingent consideration expense amounts recorded for the three months ended March 31, 2025 related 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 and right of use assets increased 7% or $3 million for the quarter ended March 31, 2025 over the same period in 2024. 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 March 31,		Period-Over-Period Change	
	2025	2024	$	%
	($ in millions, except percentages)			
Amortization of intangible assets	272	242	30	12%
Foreign exchange (gain) loss	32	(18)	50	NM
IRGA / TSS membership liability revaluation charge	94	81	14	17%
Finance and other expense (income)	(45)	(9)	(36)	412%
Bargain purchase gain	-	(2)	2	-100%
Impairment of intangible and other non-financial assets	3	10	(7)	-74%
Redeemable preferred securities expense (income)	-	58	(58)	-100%
Finance costs	71	67	4	6%
Income tax expense (recovery)	87	52	35	68%
	513	480	33	7%

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 12% or $30 million for the quarter ended March 31, 2025 over the same period in 2024. The increase in amortization expense is primarily attributable to an increase in the carrying amount of our intangible asset balance over the twelve-month period ended March 31, 2025 as a result of acquisitions completed during this twelve-month period.

Foreign exchange – Most of our businesses are organized geographically so many of our expenses are incurred in the same currency as our revenues, which mitigates some of our exposure to currency fluctuations. For the quarter ended March 31, 2025, we realized a foreign exchange loss of $32 million compared to a gain of $18 million for the same period in 2024. The following table provides a breakdown of these amounts.

	Three months ended March 31,		Period-Over-Period Change	
	2025	2024	$	%
	($ in millions, except percentages)			
Unrealized foreign exchange (gain) loss related to:				
- revaluation of intercompany loans between entities with differing functional currencies (1)	(4)	3	(8)	NM
- revaulation of the Company's unsecured subordinated floating rate debentures as a result of the appreciation (depreciation) of the Canadian dollar against the US dollar.	0	(9)	10	NM
- revaluation of the liability associated with the IRGA (Euro denominated liability)	29	(14)	43	NM
Remaining foreign exchange (gain) loss	6	2	4	235%
	32	(18)	50	NM

NM - Not meaningful

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

(1) Offsetting amounts recorded in other comprehensive income. Net impact to Total comprehensive income for each period is nil.

The remaining foreign exchange gains and losses per the table above are primarily related to the unrealized foreign exchange translation gains and losses of certain non-US dollar denominated working capital balances to US dollars as a result of the depreciation or appreciation of the US dollar.

IRGA / TSS membership liability revaluation charge – On December 23, 2014, in accordance with the terms of the purchase and sale agreement for the initial acquisition of TSS (as defined below) by CSI, and on the basis of the term sheets attached thereto, Constellation and the Joday Group, among others, entered into a Members Agreement (the “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.), a subsidiary of Constellation and the indirect owner of 100% of TSS at the time of the acquisition. Total proceeds from this transaction was €39 million ($49 million).

On January 5, 2021, the Members Agreement was terminated in conjunction with the acquisition of Topicus.com B.V., the reorganization of Topicus Coop and the execution of the IRGA. The IRGA was established to create certain contractual obligations of the parties in respect of the governance of Topicus and Topicus Coop. As of March 31, 2025 the Joday Group’s interest in Topicus Coop comprised 38,148,221 Topicus Coop Ordinary Units (“Topicus Coop Units”) resulting in an interest of 29.38% in Topicus Coop. The IRGA provides for transfer restrictions in respect of the Topicus Coop Units. See “Liability of CSI under the terms of the IRGA” below for further details.

The valuation of the IRGA liability (previously the TSS membership liability) increased by approximately 14% or $94 million from Q4 2024. The increase is primarily the result of the growth in TSS’ trailing twelve month maintenance revenue on a pro-forma basis (primarily due to acquisitions) and an increase in net tangible assets (as defined under the IRGA) resulting from of an investment in equity securities. Maintenance revenue and net tangible assets are the two main drivers in the calculation of the liability. The liability recorded on the balance sheet increased by 18% or $124 million over the three month period ended March 31, 2025 from $693 million to $816 million as a result of the revaluation charge of $94 million and a $29 million foreign exchange loss. The IRGA / TSS membership liability is denominated in Euros and the Euro appreciated 4% versus the US dollar during the three months ended March 31, 2025.

Finance and other expense (income) – Finance and other income for the three months ended March 31, 2025 was $45 million compared to $9 million for the same period in 2024. The following table provides a further breakdown of expenses (income) within this category.

	Three months ended March 31,	
	2025	2024
Interest income on cash	$ (11)	$ (6)
(Increase) decrease in the fair value of equity securities	3	3
Share in net (income) loss of equity investee	0	0
(Increase) decrease in the fair value of derivative and other finance income	(5)	-
Finance and other income	(32)	(6)
Finance and other expense (income)	$ (45)	$ (9)

Finance and other income for the three months ended March 31, 2025 includes a $29 million settlement payment related to the fair value of the net tangible assets acquired as part of an acquisition that closed in 2024. On February 4, 2025, the Company entered into a binding agreement in respect of the acquisition of 12,318,863 treasury shares of Asseco Poland S.A. ("Asseco"). These shares represent 14.84% of Asseco's share capital and will be purchased at a price of PLN 85 per share. The completion of the acquisition of the treasury shares remains subject to obtaining relevant regulatory and antitrust approvals in various government jurisdictions. The contract to acquire the additional shares of Asseco is a derivative under IFRS Accounting Standards and has been recorded at fair value as of March 31, 2025. During the three months ended March 31, 2025, a gain of $5 million was recorded. There are no individually material reasons contributing to the remaining variances.

Bargain purchase gain – No bargain purchase gain was recorded in the three months ended March 31, 2025 compared to $2 million for the same period in 2024, relating to acquisitions made in 2024. The gain resulted from the fact that the fair value of the separately identifiable assets and liabilities acquired exceeded the total consideration paid, principally due to the acquisition of certain assets that will benefit the Company that had limited value to the sellers.

Impairment of intangible and other non-financial assets – An impairment expense of $3 million was recorded in the three month period ended March 31, 2025 compared to $10 million for the same period in 2024. The expenses relate to businesses that have been unable to achieve the goals established in their respective investment theses.

Redeemable preferred securities expense – The redeemable preferred securities expense for the three month period ended March 31, 2025 was nil compared to $58 million for the same period in 2024. In conjunction with the acquisition of WideOrbit, Lumine issued 10,204,294 special shares of Lumine (the "Lumine Special Shares" or the "Preferred Securities") to the sellers of WideOrbit for an initial subscription price of approximately $222 million. Holders of the Preferred Securities were entitled to convert some or all of their Preferred Securities into Lumine Subordinate Voting Shares on the basis of 3.4302106 Lumine Subordinate Voting Shares per Preferred Security, at any time.

The Preferred Securities were recorded at fair value at the end of each reporting period. The change in fair value of the Preferred Securities was recorded as redeemable preferred securities expense (income) in the consolidated statements of income (loss). Based on the Preferred Securities conversion right, the value of the Preferred Securities was primarily dependent on the price movement of Lumine's Subordinate Voting Shares. 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 automatically 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.

Finance costs – Finance costs for the quarter ended March 31, 2025 increased $4 million to $71 million, compared to $67 million for the same period in 2024 primarily a result of an increase in the average debt outstanding in Q1 2025 as compared to Q1 2024.

Income taxes – We operate globally 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 March 31, 2025, income tax expense increased $35 million to $87 million compared to $52 million for the same period in 2024. Current tax expense has historically approximated our cash tax rate 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 statement of income (loss). The Company's consolidated effective tax rate in respect of continuing operations for the three months ended March 31, 2025 was 38% (41% for the three months ended March 31, 2024). The Q1 2024 effective tax rate is impacted by the redeemable preferred securities expense, which is not deductible for tax purposes.

Constellation is subject to tax audits in the countries in which the Company 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 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 Constellation could also be subject to interest and penalty charges.

Net Income and Earnings per Share:

Net income attributable to common shareholders of CSI for the quarter ended March 31, 2025 was $115 million compared to $105 million for the same period in 2024. On a per share basis this translated into net income per basic and diluted share of $5.44 in the quarter ended March 31, 2025 compared to $4.95 for the same period in 2024. There was no change in the number of shares outstanding.

Net cash flows from operating activities ("CFO"):

For the quarter ended March 31, 2025, CFO increased $90 million to $827 million compared to $737 million for the same period in 2024 representing an increase of 12%.

Free cash flow available to shareholders ("FCFA2S"):

For the quarter ended March 31, 2025, FCFA2S increased $64 million to $510 million compared to $446 million for the same period in 2024 representing an increase of 14%.

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

	Three months ended March 31, 2025	Three months ended March 31, 2024
	($ in millions)	
Net cash flows from operating activities	827	737
Adjusted for:		
Interest paid on lease obligations	(4)	(3)
Interest paid on debt	(62)	(41)
Proceeds from sale of interest rate cap	-	-
Debt transaction costs	(0)	(11)
Payments of lease obligations	(31)	(29)
IRGA / TSS membership liability revaluation charge	(94)	(81)
Property and equipment purchased	(15)	(10)
Interest and dividends received	11	6
	631	568
Less amount attributable to Non-controlling interests	(121)	(122)
Free cash flow available to shareholders	510	446

Due to rounding, certain totals may not foot.

Quarterly Results

	Quarter Ended								
	Mar. 31 2023	Jun. 30 2023	Sep. 30 2023	Dec. 31 2023	Mar. 31 2024	Jun. 30 2024	Sep. 30 2024	Dec. 31 2024	Mar. 31 2025
Revenue	1,919	2,039	2,126	2,323	2,353	2,468	2,541	2,703	2,654
Net income (loss) *	94	103	227	141	105	177	164	285	115
CFO	632	123	513	511	737	265	517	678	827
FCFA2S	453	14	367	325	446	182	362	482	510
Net income per share *									
Basic & diluted	4.44	4.88	10.70	6.64	4.95	8.35	7.74	13.44	5.44
CFO per share									
Basic & diluted	29.85	5.78	24.22	24.09	34.76	12.51	24.37	31.99	39.00
FCFA2S per share									
Basic & diluted	21.37	0.68	17.33	15.33	21.04	8.61	17.06	22.76	24.07

* Attributable to common shareholders of CSI

We experience seasonality in our operating results in that CFO and FCFA2S in the first quarter of every year is typically the highest and CFO and FCFA2S in the second quarter of every year is typically the lowest. The key driver impacting this seasonality is the timing of annual maintenance contract renewals. Our quarterly results may also fluctuate as a result of the various acquisitions which may be completed by the Company 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, foreign exchange gains and losses, bargain purchase gains, and gains or losses on the sale of financial and other assets.

Spin-Outs

Topicus.com Inc.

Constellation (TSX:CSU) and Topicus (TSXV:TOI) announced on January 5, 2021 that Constellation, acting through its Total Specific Solutions ("TSS") operating group and its subsidiary TPCS Holding B.V., completed the purchase of 100% of the shares of Topicus.com B.V., a Netherlands-based diversified vertical market software provider, from IJssel B.V. and that in connection with the closing of the acquisition, TSS has been spun out of Constellation and now operates, together with Topicus.com B.V., as a separate public company, Topicus.com Inc. (collectively, the "Spin-Out Transactions").

In connection with the completion of the Spin-Out Transactions, on January 4, 2021, all of Constellation's common shareholders of record on December 28, 2020 received, by way of a dividend-in-kind, 1.859817814 subordinate voting shares of Topicus.com (the "Spin-Out Shares") for each common share of Constellation held.

Constellation's equity interest in TSS prior to the Spin-Out Transactions was 66.7%. Constellation's equity interest in Topicus after completion of the Spin-Out Transactions on a fully diluted basis was approximately 30.4%. Constellation's equity interest on a fully diluted basis as at March 31, 2025 is approximately 31.3%. In addition, Constellation as the holder of the Topicus 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 voting shares at such time. As a result of the Topicus Super Voting Share Constellation consolidated the financial results of Topicus with its financial results.

Lumine Group Inc.

On February 22 and 23, 2023 (as part of a series of transactions relating to the acquisition of WideOrbit Inc. ("WideOrbit")), the Company's subsidiary, Lumine Group Inc. ("Lumine"), completed a corporate reorganization. See "Preferred Share Investment in Lumine" on page 2.

The Company holds 1 super voting share of Lumine (the "Lumine Super Voting Share"). The Lumine Super Voting Share entitles CSI to that number of votes that equals 50.1% of the aggregate number of votes attached to all the outstanding Lumine Super Voting Shares, Lumine Subordinate Voting Shares and Lumine Special Shares. As a result, the Company controls Lumine and has consolidated Lumine's financial position and results of operations. As at March 31, 2025, the Company holds 157,553,539 Lumine Subordinate Voting Shares and now reflects an equity interest of 61.40% in Lumine and a non-controlling interest of 38.60%.

The tables below provide certain supplemental balance sheet, statement of income, and net operating cash flow information of Topicus and Lumine for the three months ended March 31, 2025. Neither Topicus or Lumine are considered a reportable operating segment of Constellation, however, management has chosen to provide certain supplemental financial information to provide greater clarity into the operating performance and cash flow from operations of Topicus and Lumine considering Constellation's equity ownership.

Selected Balance Sheet Information
As at March 31, 2025

(Unaudited)	Constellation Software Inc. (excluding Topicus & Lumine)	Topicus	Lumine	Consolidated
Cash	1,904	321	252	2,477
Bank debt, bonds and debentures	2,904	338	279	3,520

Statement of Income
(Excluding intercompany activity)

(Unaudited)	For the three months ended March 31, 2025 Constellation Software Inc. (excluding Topicus & Lumine)	Topicus	Lumine	Consolidated
Revenue	**2,103**	**371**	**179**	**2,654**
Expenses	1,599	283	118	2,001
Amortization of intangible assets	207	39	26	272
Foreign exchange (gain) loss	30	0	1	32
IRGA / Membership liability revaluation charge	94	-	-	94
Finance and other income	(38)	(6)	(1)	(45)
Impairment of intangible and other non-financial assets	3	-	-	3
Finance costs	59	6	5	71
Income (loss) before income taxes	149	49	29	227
Income tax expense (recovery)				
Current income tax expense (recovery)	103	18	15	136
Deferred income tax expense (recovery)	(32)	(9)	(7)	(49)
Income tax expense (recovery)	71	9	8	87
Net income (loss)	**78**	**40**	**21**	**140**
Net cash flows from operating activities	**502**	**284**	**40**	**827**

Foreign Exchange Adjusted Organic Revenue Growth
(Excluding intercompany activity)

	For the three months ended March 31, 2025 Constellation Software Inc. (excluding Topicus & Lumine)	Topicus	Lumine	Consolidated
Licenses	2%	-3%	-43%	-8%
Professional services	-5%	-3%	-8%	-5%
Hardware and other	1%	-10%	116%	7%
Maintenance and other recurring	4%	6%	-1%	4%
Revenue	2%	3%	-4%	2%

Acquisition of business segment from Allscripts Healthcare Solutions

On May 2, 2022, Constellation, through its wholly-owned subsidiary, N. Harris Computer Corporation, completed the purchase from Allscripts Healthcare Solutions ("Allscripts") of Allscripts' Hospitals and Large Physician Practices business segment. This business segment now operates under the name Altera.

The tables below provide certain supplemental balance sheet, statement of income, and net operating cash flow information of Altera for the three months ended March 31, 2025. Altera is not considered a reportable operating segment of Constellation, however, management has chosen to provide certain supplemental financial information to provide greater clarity into the operating performance and cash flow from operations of Altera considering the size of the business and its impact on the results of Constellation.

Selected Balance Sheet Information
As at March 31, 2025

(Unaudited)	Constellation Software Inc. (excluding Altera)	Altera	Consolidated
Cash	2,358	119	2,477
Bank debt, bonds and debentures	3,268	252	3,520

Statement of Income
(Excluding intercompany activity)

	For the three months ended March 31, 2025		
(Unaudited)	Constellation Software Inc. (excluding Altera)	Altera	Consolidated
Revenue	**2,485**	**168**	**2,654**
Expenses	1,853	148	2,001
Amortization of intangible assets	254	18	272
Foreign exchange (gain) loss	32	(0)	32
IRGA / Membership liability revaluation charge	94	-	94
Finance and other income	(44)	(0)	(45)
Bargain purchase gain	-	-	-
Impairment of intangible and other non-financial assets	3	-	3
Redeemable preferred securities expense (income)	-	-	-
Finance costs	67	4	71
Income (loss) before income taxes	227	(0)	227
Income tax expense (recovery)			
Current income tax expense (recovery)	134	1	136
Deferred income tax expense (recovery)	(46)	(3)	(49)
Income tax expense (recovery)	88	(1)	87
Net income (loss)	**139**	**1**	**140**
Net cash flows from operating activities	**804**	**22**	**827**
Free cash flow available to shareholders	**496**	**14**	**510**

Foreign Exchange Adjusted Organic Revenue Growth
(Excluding intercompany activity)

	For the three months ended March 31, 2025		
	Constellation Software Inc. (excluding Altera)	Altera	Consolidated
Licenses	-4%	-70%	-8%
Professional services	-3%	-15%	-5%
Hardware and other	7%	-19%	7%
Maintenance and other recurring	5%	-9%	4%
Revenue	3%	-13%	2%

Liquidity

	March 31, 2025	December 31, 2024	Variance
Cash	**2,477**	**1,980**	**497**
Debt with recourse to Constellation Software Inc.	2,285	2,159	126
Debt without recourse to Constellation Software Inc.	2,052	2,008	44
Debt	**4,337**	**4,166**	**170**
Cash less Debt	**(1,859)**	**(2,187)**	**327**

Cash flows from operations exceeded the net capital deployed on acquisitions plus dividends during the three months ended March 31, 2025. Cash increased by $497 million to $2,477 million at March 31, 2025 compared to $1,980 million at December 31, 2024 and debt increased by $170 million to $4,337 million at March 31, 2025 compared to $4,166 million at December 31, 2024.

Total assets increased $1,038 million, from $12,857 million at December 31, 2024 to $13,896 million at March 31, 2025. The increase is primarily due to the $497 million increase in cash, the $72 million increase in accounts receivable, and the $340 million increase in equity securities. At March 31, 2025 Topicus, Lumine and other subsidiaries with non-recourse debt facilities hold approximately $842 million of cash. As explained in the "Capital Resources and Commitments" section below, there are limitations on the ability of these subsidiaries to distribute funds to Constellation.

Current liabilities increased $588 million, from $4,667 million at December 31, 2024 to $5,254 million at March 31, 2025. The increase is primarily due to an increase in debt with recourse to Constellation of $116 million, and an increase in deferred revenue of $545 million mainly due to acquisitions made since December 31, 2024 and the timing of maintenance and other billings versus performance and delivery under those customer arrangements, offset by a decrease in accounts payable and accrued liabilities of $141 million.

Net Changes in Cash Flows ($ in millions)	**Three months ended March 31, 2025**	**Three months ended March 31, 2024**
Net cash provided by operating activities	827	737
Net cash from (used in) financing activities	(91)	351
Cash used in the acquisition of businesses	(110)	(299)
Cash obtained with acquired businesses	11	35
Net cash from (used in) other investing activities	(172)	(13)
Net cash from (used in) investing activities	(271)	(277)
Effect of foreign currency	33	(17)
Net increase (decrease) in cash and cash equivalents	**497**	**794**

The net cash flows from operating activities were $827 million for the three months ended March 31, 2025. The $827 million provided by operating activities resulted from net income of $140 million plus $563 million of adjustments to net income (primarily amortization of intangible assets, depreciation, IRGA/TSS Membership liability revaluation charge, finance and other income, finance costs, and income tax expense) and $231 million of cash from non-cash working capital, offset by $107 million in taxes paid.

The net cash flows used in financing activities for the three months ended March 31, 2025 were $91 million, which is mainly a result of interest payments of $66 million, lease obligation payments of $31 million, and dividends paid to common shareholders of $21 million, offset by a net increase in debt facilities of $28 million.

The net cash flows used in investing activities for the three months ended March 31, 2025 were $271 million. The cash used in investing activities was primarily due to acquisitions for an aggregate of $110 million (including payments for holdbacks relating to prior acquisitions), and an investment in equity securities of $175 million, offset by $11 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 (see "Subsequent Events" below).

Capital Resources and Commitments

Debt with recourse to CSI comprises the following ($ in millions):

	CSI Facility	Senior Notes	Liability of CSI under the IRGA	Debentures	Term Loan	Total
Principal outstanding at March 31, 2025 (and, except for debentures, equal to fair value)	$ -	$ 1,000	$ 816	$ 345	$ 84	2,245
Deduct: Unamortized transaction costs included in debt balance	-	(7)	-	-	(0)	(7)
Add: Unamortized debt premium	-	-	-	47	-	47
Carrying value at March 31, 2025	-	993	816	392	84	2,285
Current portion	-	-	419	-	-	419
Non-current portion	-	993	397	392	84	1,865

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 was increased from $840 million to $1,085 million, 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 March 31, 2025, nil had been drawn from this credit facility, and letters of credit totaling $13 million were issued, which limits the borrowing capacity on a dollar-for-dollar basis.

Senior Notes

On February 16, 2024, the Company completed a private offering of $500 million aggregate principal amount of 5.158% senior notes due 2029 and $500 million 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 Membership Agreement

On December 23, 2014, in accordance with the terms of the purchase and sale agreement for the initial acquisition of TSS by CSI, and on the basis of the term sheets attached thereto, Constellation and the Joday Group, among others, entered into a Members Agreement (the "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.), a subsidiary of Constellation and the indirect owner of 100% of TSS at the time of the acquisition. Total proceeds from this transaction was €39 million ($49 million).

On January 5, 2021, the Members Agreement was terminated in conjunction with the acquisition of Topicus.com B.V., the reorganization of Topicus Coop and the execution of the IRGA. The IRGA was established to create certain contractual obligations of the parties in respect of the governance of Topicus and Topicus Coop. As of December 31, 2024 the Joday Group's interest in Topicus Coop comprised 38,148,221 Topicus Coop Ordinary Units resulting in an interest of 29.38% in Topicus Coop. The IRGA provides for transfer restrictions in respect of the Topicus Coop Units.

Any time after January 5, 2021, any member of the Joday Group has the right, at his or its 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 with the exception of certain items which have been classified as a current liability. 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 his or its 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 his or its 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 and Topicus Coop Preference 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) 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. The valuation of CSI's obligations under the IRGA is also impacted by the change in the net tangible assets of Topicus (as defined under the IRGA). As the net tangible assets increase (which is typically the result of net profits in the applicable period), the valuation of CSI's obligations under the IRGA increases. Maintenance 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 consolidated statements of income (loss) for the period.

The liability recorded on the balance sheet at March 31, 2025 was $816 million.

Debentures

On October 1, 2014 and November 19, 2014, the Company issued unsecured subordinated debentures (the "Debentures") with a total principal value of C$96 million for total proceeds of C$91 million. On September 30, 2015, the Company issued an additional tranche of Debentures with a total principal value of C$186 million for total proceeds of C$214 million. On October 6, 2023, a total of C$213 million principal amount of Debentures were issued at a price of C$133.00 per C$100.00 principal amount of Debentures purchased representing proceeds to the Company of C$283 million which was used by the Company to pay down indebtedness under its existing credit facility. The Debentures were issued as an additional tranche of, and formed a single series with, the outstanding C$282 aggregate principal amount of Debentures.

The total principal value of debentures outstanding at March 31, 2025 was $345 million (C$495 million).

Guarantees

One of CSI's subsidiaries has entered into a $84 million (£65 million) 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.

Debt without recourse to CSI

Certain of CSI's subsidiaries have entered into term debt facilities and revolving credit facilities with various financial institutions. Except as noted above, CSI does not guarantee the debt of its 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 entered into a promissory note agreement ("Promissory Note") with the seller, Intercontinental Exchange, Inc. for $500 million. 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 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 ($ in millions):

	Topicus Revolving Credit Facility	Debt Facilities	Promissory Note	Total
Principal outstanding at March 31, 2025 (and equal to fair value)	$ 271	$ 1,294	$ 500	2,064
Deduct: Carrying value of transaction costs included in debt balance	(2)	(10)	-	(13)
Carrying value at March 31, 2025	268	1,284	500	2,052
Current portion	268	97	-	365
Non-current portion	-	1,187	500	1,687

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 $188 million at March 31, 2025. On January 31, 2025, the Company purchased 8,300,029 shares in Asseco Poland S.A. ("Asseco") representing approximately 9.99% of the issued shares in Asseco. The shares were acquired at a price of 85 PLN per share for total consideration of $174 million. Asseco offers comprehensive, proprietary IT solutions for all sectors of the economy. The Company has made an irrevocable election at the time of initial recognition to present subsequent changes in fair value in other comprehensive income ("FVOCI"). The Company designated the Asseco investment as equity securities at FVOCI because the investment in Asseco represents an investment that the Company intends to hold for the long term. During the three months ended March 31, 2025, the Company recorded a gain of $157 million based on the share price as at March 31, 2025 within other comprehensive income reduced by transaction costs of $2 million. As mentioned in the "Finance and other expense (income)" section above, the Company has entered into a binding agreement in respect of the acquisition of 12,318,863 treasury shares of Asseco, which is a derivative under IFRS Accounting Standards. The fair value of this derivative recorded in our statement of financial position was $6 million at March 31, 2025. 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 March 31, 2025.

Contractual obligations at March 31, 2025 are summarized below.

(in millions of dollars)

	Total	< 1 yr	1-5 yrs	> 5 yrs
Lease obligations	409	121	240	48
Holdbacks	361	216	145	-
Liability of CSI under the terms of the IRGA/TSS Members Agreement	816	419	397	-
Debentures	392	-	-	392
Term Loan	84	-	84	-
CSI revolving credit facility	-	-	-	-
Senior Notes	1,000	-	500	500
Topicus revolving credit facility without recourse to Constellation Software Inc.	271	271	-	-
Promissory note	500	-	7	493
Other debt facilities without recourse to Constellation Software Inc.	1,294	82	1,209	3
Total outstanding commitments	5,126	1,109	2,581	1,436

The IRGA liability commitment assumes that the Joday Group has exercised their put option to sell 100% of their interests back to Constellation. This option however has not been exercised as at May 12, 2025. See note 8 to the Unaudited Condensed Consolidated Interim Financial Statements for the three month period ended March 31, 2025 for a discussion on the valuation methodology utilized.

Financial Instruments

The carrying values of cash, accounts receivable, accounts payable, accrued liabilities, dividends payable, the majority of acquisition holdbacks, and the CSI Facility, approximates fair value 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 IRGA liability and the term loan with recourse to CSI approximates fair value.

Financial assets and financial liabilities measured at fair value as at March 31, 2025 and December 31, 2024 in the Unaudited Condensed Consolidated Interim Financial Statements for the three month period ended March 31, 2025 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.

	March 31, 2025				December 31, 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Equity securities	$ 329	$ -	$ -	$ 329	$ 27	$ -	$ -	$ 27
Derivatives	-	-	6	6	-	-	-	-
	329	**-**	**6**	**335**	**27**	**-**	**-**	**27**
Liabilities:								
Contingent consideration	-	-	188	188	-	-	174	174
	-	**-**	**188**	**188**	**-**	**-**	**174**	**174**

- 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).

Foreign Currency Exposure

We operate internationally and have foreign currency risks related to our revenue, operating expenses, assets and liabilities denominated in currencies other than the U.S. dollar. Consequently, we believe movements in the foreign currencies in which we transact will impact future revenue and net income. The impact to organic revenue growth for the three months ended March 31, 2025 was approximately negative 2%. We cannot predict the effect of foreign exchange gains or losses in the future; however, if significant foreign exchange losses are experienced, they could have a material adverse effect on our business, revenues, results of operations, and financial condition. The Company enters into forward foreign exchange contracts from time to time with the objective of mitigating volatility in profit or loss in respect of financial liabilities. In entering into these forward exchange contracts, the Company is exposed to the credit risk of the counterparties to such contracts and the possibility that the counterparties will default on their payment obligations under these contracts. However, given that the counterparties are Schedule 1 banks or affiliates thereof, the Company believes these risks are not material. During the three months ended March 31, 2025, the Company did not purchase any contracts of this nature.

The following table provides an approximate breakdown of our revenue and expenses by currency, expressed as a percentage of total revenue and expenses, as applicable, for the three months ended March 31, 2025:

	Three Months Ended March 31, 2025	
Currencies	% of Revenue	% of Expenses
USD	53%	47%
EUR	19%	19%
GBP	8%	8%
CAD	5%	8%
AUD	4%	3%
BRL	2%	2%
CHF	1%	2%
SEK	1%	1%
Others	7%	9%
Total	100%	100%

Due to rounding, certain totals may not foot.

Off-Balance Sheet Arrangements

As a general practice, we have not entered into off-balance sheet financing arrangements. Except for insignificant and short-term operating leases 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.

Share Capital

As at May 12, 2025, there were 21,191,530 common shares outstanding.

Risks and Uncertainties

The Company’s business is subject to a number of risk factors which are described in our most recently filed AIF. Additional risks and uncertainties not presently known to us or that we currently consider immaterial also may impair our business and operations and cause the price of the common shares to decline. If any of the noted risks actually occur, our business may be harmed and the financial condition and results of operations may suffer significantly. In that event, the trading price of the common shares could decline, and shareholders may lose all or part of their investment.

Controls and Procedures

Disclosure controls and procedures:

Management is responsible for establishing and maintaining disclosure controls and procedures as defined under National Instrument 52-109. The President and Chief Financial Officer have designed or caused to be designed by those under their supervision, disclosure controls and procedures which provide reasonable assurance that material information regarding the Company is accumulated and communicated to the Company's management, including its President and Chief Financial Officer in a timely manner.

Internal controls over financial reporting:

The President and Chief Financial Officer have designed or caused it to be designed under their supervision internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements. The President and Chief Financial Officer have been advised that the control framework the President and the Chief Financial Officer used to design the Company's ICFR is recognized by the Committee of Sponsoring Organizations of the Treadway Commission.

The President and the Chief Financial Officer have evaluated, or caused to be evaluated by those under their supervision, whether or not there were changes to its ICFR during the period ended March 31, 2025 that have materially affected, or are reasonably likely to materially affect the Company's ICFR. No such changes were identified through their evaluation.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluations of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, our disclosure controls and procedures and our internal controls over financial reporting are effective in providing reasonable, not absolute, assurance that the objectives of our control systems have been met.

Subsequent Events

On May 12, 2025 the Company declared a $1.00 per share dividend that is payable on July 11, 2025 to all common shareholders of record at close of business on June 20, 2025.

On February 4, 2025, the Company entered into a binding agreement in respect of the acquisition of 12,318,863 treasury shares of Asseco. These shares represent 14.84% of Asseco's share capital and will be purchased at a price of PLN 85 per share. The completion of the acquisition of the treasury shares remains subject to obtaining relevant regulatory and antitrust approvals.

Subsequent to March 31, 2025, the Company completed or has open commitments to acquire a number of businesses for aggregate cash consideration of $342 million on closing plus total estimated deferred payments of $85 million for total consideration of $427 million. The business acquisitions operate in the asset management, media and communications, financial services, fleet, local government, international law enforcement, telecommunications, healthcare, retail management and distribution, enterprise resource planning, craftsmen, transport, utilities, production and visualization software, leisure, oil and gas, pharmacy, content management system and travel verticals and are all software companies similar to the existing business of the Company.

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

CONSTELLATION SOFTWARE INC.

For the three months ended March 31, 2025 and 2024
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

	March 31, 2025	December 31, 2024	March 31, 2024
Assets			
Current assets:			
Cash	$ 2,477	$ 1,980	$ 2,078
Accounts receivable	1,363	1,291	1,205
Unbilled revenue	406	369	361
Inventories	58	56	56
Other assets (note 6)	637	596	575
	4,942	4,293	4,276
Non-current assets:			
Property and equipment	222	223	142
Right of use assets	346	328	322
Deferred income taxes	237	219	157
Equity securities (note 5)	353	13	14
Other assets (note 6)	318	316	291
Intangible assets (note 7)	7,477	7,465	6,746
	8,954	8,565	7,671
Total assets	$ 13,896	$ 12,857	$ 11,946
Liabilities and Shareholders' Equity			
Current liabilities:			
Debt with recourse to Constellation Software Inc. (note 8)	$ 419	$ 303	$ 276
Debt without recourse to Constellation Software Inc. (note 9)	365	319	348
Accounts payable and accrued liabilities	1,449	1,590	1,304
Dividends payable (note 12)	21	21	21
Deferred revenue	2,511	1,967	2,272
Provisions (note 10)	23	22	8
Acquisition holdback payables	216	219	172
Lease obligations	119	115	115
Income taxes payable	130	111	135
	5,254	4,667	4,653
Non-current liabilities:			
Debt with recourse to Constellation Software Inc. (note 8)	1,865	1,855	1,832
Debt without recourse to Constellation Software Inc. (note 9)	1,687	1,689	1,470
Deferred income taxes	692	673	634
Acquisition holdback payables	145	133	105
Lease obligations	266	252	244
Other liabilities (note 6)	346	300	257
	5,001	4,903	4,542
Total liabilities	10,255	9,569	9,195
Shareholders' equity (note 12):			
Capital stock	99	99	99
Accumulated other comprehensive income (loss)	(63)	(224)	(145)
Retained earnings	3,010	2,919	2,358
Non-controlling interests (note 18)	595	493	439
	3,641	3,288	2,752
Subsequent events (notes 19)			
Total liabilities and shareholders' equity	$ 13,896	$ 12,857	$ 11,946

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 March 31, 2025	2024
Revenue		
License	$ 96	$ 88
Professional services	487	470
Hardware and other	74	59
Maintenance and other recurring	1,996	1,737
	2,654	2,353
Expenses		
Staff	1,412	1,293
Hardware	40	35
Third party license, maintenance and professional services	254	215
Occupancy	17	14
Travel, telecommunications, supplies, software and equipment	131	112
Professional fees	47	38
Other, net	53	50
Depreciation	46	44
Amortization of intangible assets (note 7)	272	242
	2,272	2,042
Foreign exchange loss (gain)	32	(18)
IRGA/TSS Membership liability revaluation charge	94	81
Finance and other expense (income) (note 13)	(45)	(9)
Bargain purchase gain (note 4)	-	(2)
Impairment of intangible and other non-financial assets (note 7)	3	10
Redeemable preferred securities expense (income)	-	58
Finance costs (note 13)	71	67
	154	186
Income (loss) before income taxes	227	125
Current income tax expense (recovery)	136	127
Deferred income tax expense (recovery)	(49)	(75)
Income tax expense (recovery)	87	52
Net income (loss)	140	74
Net income (loss) attributable to:		
Common shareholders of Constellation Software Inc.	115	105
Non-controlling interests (note 18)	24	(31)
Net income (loss)	140	74
Earnings per common share of Constellation Software Inc.		
Basic and diluted (note 14)	$ 5.44	$ 4.95

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 March 31,	
	2025	2024
Net income (loss)	$ 140	$ 74
Items that are or may be reclassified subsequently to net income (loss):		
Foreign currency translation differences from foreign operations and other, net of tax	79	(48)
Items that will not be reclassified to net income (loss):		
Changes in the fair value of equity investments at FVOCI (note 5)	155	-
Other comprehensive income (loss), net of income tax	234	(48)
Total comprehensive income (loss)	$ 374	$ 25
Total other comprehensive income (loss) attributable to:		
Common shareholders of Constellation Software Inc.	161	(40)
Non-controlling interests	74	(8)
Total other comprehensive income (loss)	$ 234	$ (48)
Total comprehensive income (loss) attributable to:		
Common shareholders of Constellation Software Inc.	276	65
Non-controlling interests (note 18)	98	(40)
Total comprehensive income (loss)	$ 374	$ 25

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

Three months ended March 31, 2025

	Equity Attributable to Common Shareholders of CSI					
	Capital stock	**Accumulated other comprehensive income (loss)**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at January 1, 2025	**$ 99**	**$ (224)**	**$ 2,919**	**$ 2,795**	**$ 493**	**$ 3,288**
Total comprehensive income (loss):						
Net income (loss)	-	-	115	115	24	140
Other comprehensive income (loss)						
Foreign currency translation differences from foreign operations and other, net of tax and changes in the fair value of equity investments at FVOCI (note 5)	-	161	-	161	74	234
Total other comprehensive income (loss)	**-**	**161**	**-**	**161**	**74**	**234**
Total comprehensive income (loss)	**-**	**161**	**115**	**276**	**98**	**374**
Transactions with owners, recorded directly in equity						
Other movements in non-controlling interests	-	-	(4)	(4)	4	(0)
Dividends paid to non-controlling interests	-	-	-	-	(0)	(0)
Dividends to shareholders of the Company (note 12)	-	-	(21)	(21)	-	(21)
Balance at March 31, 2025	**$ 99**	**$ (63)**	**$ 3,010**	**$ 3,046**	**$ 595**	**$ 3,641**

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
Three months ended March 31, 2024

	Equity Attributable to Common Shareholders of CSI					
	Capital stock	Accumulated other comprehensive income (loss)	Retained earnings	Total	Non-controlling interests	Total equity
Balance at January 1, 2024	**$ 99**	**$ (99)**	**$ 1,876**	**$ 1,877**	**$ 85**	**$ 1,961**
Total comprehensive income (loss):						
Net income (loss)	-	-	105	105	(31)	74
Other comprehensive income (loss)						
Foreign currency translation differences from foreign operations and other, net of tax	-	(40)	-	(40)	(8)	(48)
Total other comprehensive income (loss)	**-**	**(40)**	**-**	**(40)**	**(8)**	**(48)**
Total comprehensive income (loss)	**-**	**(40)**	**105**	**65**	**(40)**	**25**
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)
Balance at March 31, 2024	**$ 99**	**$ (145)**	**$ 2,358**	**$ 2,313**	**$ 439**	**$ 2,752**

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 March 31, 2025	2024
Cash flows from (used in) operating activities:		
Net income (loss)	$ 140	$ 74
Adjustments for:		
Depreciation	46	44
Amortization of intangible assets (note 7)	272	242
IRGA/TSS Membership liability revaluation charge (note 8)	94	81
Finance and other expense (income) (note 13)	(45)	(9)
Bargain purchase (gain) (note 4)	-	(2)
Impairment of intangible and other non-financial assets (note 7)	3	10
Redeemable preferred securities expense (income)	-	58
Finance costs (note 13)	71	67
Income tax expense (recovery)	87	52
Foreign exchange loss (gain)	32	(18)
Depreciation of third party costs	5	-
Change in non-cash operating assets and liabilities exclusive of effects of business combinations (note 17)	231	208
Transaction costs associated with equity securities classified as FVOCI (note 5)	(2)	-
Income taxes paid	(107)	(68)
Net cash flows from (used in) operating activities	827	737
Cash flows from (used in) financing activities:		
Interest paid on lease obligations	(4)	(3)
Interest paid on debt	(62)	(41)
Increase (decrease) in CSI facility	-	(578)
Increase (decrease) in Topicus revolving credit debt facility without recourse to CSI	31	114
Proceeds from issuance of Senior Notes	-	1,000
Proceeds from issuance of debt facilities without recourse to CSI	27	112
Repayments of debt facilities without recourse to CSI	(30)	(18)
Other financing activities	(1)	(2)
Dividends paid to non-controlling interests	(0)	(85)
Debt transaction costs	(0)	(11)
Payments of lease obligations, net of sublease receipts	(31)	(29)
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 (note 12)	(21)	(21)
Net cash flows from (used in) in financing activities	(91)	351
Cash flows from (used in) investing activities:		
Acquisition of businesses (note 4)	(94)	(223)
Cash obtained with acquired businesses (note 4)	11	35
Post-acquisition settlement payments, net of receipts	(16)	(76)
Purchases of investments and other assets (note 5)	(175)	(0)
Proceeds from sales of other investments and other assets	-	4
Decrease (increase) in restricted cash	7	(11)
Interest, dividends and other proceeds received	11	5
Property and equipment purchased	(15)	(10)
Net cash flows from (used in) investing activities	(271)	(277)
Effect of foreign currency on cash	33	(17)
Increase (decrease) in cash	497	794
Cash, beginning of period	$ 1,980	$ 1,284
Cash, end of period	$ 2,477	$ 2,078

See accompanying notes to the condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

1. Reporting entity
2. Basis of presentation
3. Material accounting policies
4. Business acquisitions
5. Equity securities
6. Other assets and other non-current liabilities
7. Intangible assets
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10. Provisions
11. Income taxes
12. Capital and other components of equity
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14. Earnings per share
15. Financial instruments
16. Contingencies
17. Changes in non-cash operating assets and liabilities
18. Non-controlling interests
19. Subsequent events

1. Reporting entity

Constellation Software Inc. is a company domiciled in Canada. The address of Constellation Software Inc.'s registered office is 66 Wellington Street West, Suite 5300, Toronto, Ontario, Canada. The condensed consolidated interim financial statements of Constellation Software Inc. as at and for the three month period ended March 31, 2025 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.

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 2024 annual consolidated financial statements, available on the System for Electronic Document Analysis and Retrieval (“SEDAR+”) at 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 May 12, 2025.

These condensed consolidated interim financial statements should be read in conjunction with the Company’s 2024 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, equity securities, 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 2024 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 2024 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.

4. Business acquisitions

(a) During the three-month period ended March 31, 2025, the Company completed a number acquisitions for aggregate cash consideration of $94 plus cash holdbacks of $26 and contingent consideration with an estimated acquisition date fair value of $13. The total consideration resulting from the acquisitions in the three-month period ended March 31, 2025 was $133. 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 three-month period ended March 31, 2025 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 $29. Aggregate contingent consideration of $188 (December 31, 2024 - $174) 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 (loss). An expense of $7 has been recorded for the three months ended March 31, 2025, as a result of such changes (expense of $11 for the three months ended March 31, 2024).

No 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 acquisitions during the three-month period ended March 31, 2025 include software companies catering to the following markets: automotive, digital marketing, fashion, financial services, forestry, hospitality, human capital, information technology, lighting design, maintenance management, manufacturing, software infrastructure, supply chain management, technical service providers, travel 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 consolidated financial statements from the date of each acquisition.

The goodwill recognized in connection with these 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 $0 is expected to be deductible for income tax purposes.

The gross contractual amounts of acquired receivables was $18; 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 2025 and the last three quarters of 2024. 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 $1,219.

The aggregate impact of acquisition accounting applied in connection with the aggregate of business acquisitions that are not individually significant in the period ended March 31, 2025 is as follows:

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

Assets acquired:		
Cash	$	11
Accounts receivable		14
Other current assets		7
Property and equipment		3
Right of use assets		6
Other non-current assets		0
Deferred income taxes		3
Technology assets		74
Customer assets		84
		202
Liabilities assumed:		
Current liabilities		17
Deferred revenue		16
Deferred income taxes		39
Long-term debt		1
Long-term lease obligations		4
Other non-current liabilities		3
		81
Goodwill		12
Total consideration	**$**	**133**

The 2025 business acquisitions did not have a material impact to either the consolidated revenue or the consolidated net income (loss) for the three months ended March 31, 2025. 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.

(b) 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, 2024 and March 31, 2024.

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 months ended March 31, 2025 and 2024
(Unaudited)

	December 31, 2024	March 31, 2024
Current Assets:		
Accounts receivable	(0)	0
Unbilled revenue	(0)	1
Inventories	(0)	(2)
Acquisition holdback receivables	0	-
Other assets	(1)	7
	(1)	6
Non-current Assets:		
Property and equipment	(0)	(0)
Right of use assets	0	11
Deferred income taxes	1	(1)
Equity securities	-	-
Other assets	-	(3)
Intangible assets	(5)	12
	(4)	19
Total assets	(6)	25
Current liabilities:		
Accounts payable and accrued liabilities	1	6
Deferred revenue	(1)	6
Acquisition holdback payables	(6)	(1)
Lease obligations	0	2
Income taxes payable	(0)	0
	(5)	13
Non-current liabilities:		
Deferred income taxes	(1)	1
Acquistion holdback payables	(0)	0
Lease obligations	0	9
Other liabilities	0	2
	(0)	12
Total liabilities	(6)	25

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

5. Equity securities

On January 31, 2025, the Company purchased 8,300,029 shares in Asseco Poland S.A. ("Asseco") representing approximately 9.99% of the issued shares in Asseco. The shares were acquired at a price of 85 PLN per share for total consideration of $174. Asseco offers comprehensive, proprietary IT solutions for all sectors of the economy. The Company has made an irrevocable election at the time of initial recognition to present subsequent changes in fair value in other comprehensive income ("FVOCI"). The Company designated the Asseco investment as equity securities at FVOCI because the investment in Asseco represents an investment that the Company intends to hold for the long term. During the three months ended March 31, 2025, the Company recorded a gain of $157 based on the share price as at March 31, 2025 within other comprehensive income reduced by transaction costs of $2. The investment in Asseco has been classified as a non-current asset as at March 31, 2025 within "Equity Securities".

6. Other assets and other non-current liabilities

(a) Other assets

		March 31, 2025		December 31, 2024
Prepaid expenses and other current assets	$	342	$	318
Holdback receivable		5		6
Investment tax credits recoverable		53		45
Sales tax receivable		59		62
Equity securities held for trading		11		14
Derivatives		6		-
Income tax and other receivables		161		151
Total other current assets	$	637	$	596
Investment tax credits recoverable	$	15	$	21
Costs to obtain a contract		95		91
Non-current trade and other receivables and other assets		193		190
Equity accounted investees		15		14
Total other non-current assets	$	318	$	316

(b) Other non-current liabilities

		March 31, 2025		December 31, 2024
Contingent consideration	$	108	$	97
Deferred revenue		111		89
Other non-current liabilities		127		113
Total other non-current liabilities	$	346	$	300

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

7. Intangible Assets

	Technology Assets	Customer Assets	Backlog	Non-compete agreements	Trademarks	Goodwill	Total
Cost							
Balance at January 1, 2024	$ 5,004	$ 4,705	$ 17	$ 2	$ 29	$ 1,279	$ 11,037
Acquisitions through business combinations	904	926	0	-	-	250	2,079
Effect of movements in foreign exchange	(173)	(144)	(0)	0	(1)	(47)	(366)
Balance at December 31, 2024	$ 5,734	$ 5,487	$ 17	$ 2	$ 28	$ 1,481	$ 12,750
Balance at January 1, 2025	$ 5,734	$ 5,487	$ 17	$ 2	$ 28	$ 1,481	$ 12,750
Acquisitions through business combinations	74	84	-	-	-	12	170
Effect of movements in foreign exchange and other	89	84	0	(0)	1	25	200
Balance at March 31, 2025	$ 5,898	$ 5,655	$ 17	$ 2	$ 29	$ 1,518	$ 13,119
Accumulated amortization and impairment losses							
Balance at January 1, 2024	$ 2,822	$ 1,497	$ 17	$ 2	$ 7	$ 16	$ 4,361
Amortization for the period	600	442	0	0	1	-	1,044
Impairment charge	10	9	-	-	-	7	26
Effect of movements in foreign exchange	(92)	(54)	(0)	0	-	-	(146)
Balance at December 31, 2024	$ 3,340	$ 1,894	$ 17	$ 2	$ 9	$ 23	$ 5,284
Balance at January 1, 2025	$ 3,340	$ 1,894	$ 17	$ 2	$ 9	$ 23	$ 5,284
Amortization for the period	156	116	0	(0)	0	-	272
Impairment charge	1	0	-	-	-	1	3
Effect of movements in foreign exchange	51	32	0	(0)	-	-	83
Balance at March 31, 2025	$ 3,547	$ 2,042	$ 17	$ 2	$ 9	$ 24	$ 5,642
Carrying amounts							
At January 1, 2024	$ 2,182	$ 3,209	$ 0	$ (0)	$ 22	$ 1,262	$ 6,675
At December 31, 2024	$ 2,394	$ 3,594	$ 0	$ -	$ 20	$ 1,458	$ 7,465
At January 1, 2025	$ 2,394	$ 3,594	$ 0	$ -	$ 20	$ 1,458	$ 7,465
At March 31, 2025	$ 2,351	$ 3,613	$ 0	$ (0)	$ 20	$ 1,494	$ 7,477

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

8. 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	$ 816	$ 345	$ 84		$ 2,245
Deduct: Unamortized transaction costs included in debt balance	-	(7)	-	-	(0)		(7)
Add: Unamortized debt premium	-	-	-	47	-		47
Carrying value at March 31, 2025	-	993	816	392	84	-	2,285
Current portion	-	-	419	-	-		419
Non-current portion	-	993	397	392	84		1,865

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 was 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 March 31, 2025, $nil (December 31, 2024 – $nil) had been drawn from this credit facility, and letters of credit totaling $13 (December 31, 2024 - $13) were issued, which limits the borrowing capacity on a dollar-for-dollar basis.

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.

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 with the exception of certain items which have been classified as a current liability. 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. The valuation of CSI's obligations under the IRGA is also impacted by the change in the net tangible assets of Topicus (as defined under the IRGA). As the net tangible assets increase (which is typically the result of net profits in the applicable period), the valuation of CSI's obligations under the IRGA increases. Maintenance 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 consolidated statements of income (loss) for the period.

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, 2023 but excluding March 31, 2024 is 13.3%
- March 31, 2024 but excluding March 31, 2025 is 10.4%
- March 31, 2025 but excluding March 31, 2026 is 8.9%

Subsequent from and including March 31, 2026 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, 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 year to date periods ended March 31, 2025 and December 31, 2024, no notices for redemption of the Debentures were received or given by the Company.

The fair value of the debentures as at March 31, 2025 was $411 (December 31, 2024 - $410).

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.

9. 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 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:

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

	Topicus Revolving Credit Facility	Debt Facilities	Promissory Note	Total
Principal outstanding (and equal to fair value)	$ 271	$ 1,294	$ 500	$ 2,064
Deduct: Carrying value of transaction costs included in debt balance	(2)	(10)	-	(13)
Carrying value at March 31, 2025	268	1,284	500	2,052
Current portion	268	97	-	365
Non-current portion	-	1,187	500	1,687

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

Year	Debt Facilities
2025	82
2026	170
2027	622
2028	285
2029	131
2030	2
2031	1
2032	-
	1,294

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

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

Year		March 31, 2025
2025 - 2029	$	7
2030- 2063		493
Total	$	500

10. Provisions

At January 1, 2025	$	32
Reversal		(1)
Provisions recorded during the period		8
Provisions used during the period		(6)
Effect of movements in foreign exchange and other		1
At March 31, 2025	$	33
Provisions classified as current liabilities		23
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 months ended March 31, 2025 was 38% (41% for the three months ended March 31, 2024).

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.

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

12. Capital and other components of equity

	Common Shares	
	Number	Amount
March 31, 2025	21,191,530	$ 99
December 31, 2024	21,191,530	$ 99

Dividends and other distributions to shareholders

During the three months ended March 31, 2025, the Company declared a $1.00 per share dividend to all common shareholders of record at close of business on March 28, 2025. The dividend declared in the quarter ended March 31, 2025 representing $21 was paid and settled on April 15, 2025.

The dividend declared in the quarter ended December 31, 2024 representing $21 was paid and settled on January 10, 2025.

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

	Three months ended March 31,	
	2025	2024
Interest income on cash	$ (11)	$ (6)
(Increase) decrease in the fair value of equity securities	3	3
Share in net (income) loss of equity investee	0	0
(Increase) decrease in the fair value of derivative and other finance income	(5)	-
Finance and other income	(32)	(6)
Finance and other expense (income)	$ (45)	$ (9)
Interest expense on debt and debentures	$ 59	$ 55
Interest expense on lease obligations	4	3
Amortization of debt related transaction costs	1	2
Amortization of debenture discount (premium)	(1)	(1)
Other finance costs	8	7
Finance costs	$ 71	$ 67

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

14. Earnings per share

Basic and diluted earnings per share

	Three months ended March 31,	
	2025	2024
Numerator:		
Net income (loss) attributable to common shareholders of CSI	$ 115	$ 105
Denominator:		
Basic and diluted shares outstanding	21,191,530	21,191,530
Earnings per share		
Basic and diluted	$ 5.44	$ 4.95

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.

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 March 31, 2025 and December 31, 2024 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.

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

	March 31, 2025				December 31, 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Equity securities	$ 364	$ -	$ -	$ 364	$ 27	$ -	$ -	$ 27
Derivatives	-	-	6	6	-	-	-	-
	364	**-**	**6**	**370**	**27**	**-**	**-**	**27**
Liabilities:								
Contingent consideration	-	-	188	188	-	-	174	174
	-	**-**	**188**	**188**	**-**	**-**	**174**	**174**

There were no transfers of fair value measurement between level 1, 2 and 3 of the fair value hierarchy in the periods ended March 31, 2025 and December 31, 2024.

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.

Contingent Consideration

Balance at January 1, 2025	$ 174
Increase from business acquisitions	13
Cash payments	(13)
Charges (recoveries) through profit or loss	9
Foreign exchange and other movements	6
Balance at March 31, 2025	188
Contingent consideration classified as current liabilities	80
Contingent consideration classified as other non-current liabilities	108

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.

Derivatives

On February 4, 2025, the Company entered into a binding agreement in respect of the acquisition of 12,318,863 treasury shares of Asseco Poland S.A. ("Asseco"). These shares represent 14.84% of Asseco's share capital and will be purchased at a price of PLN 85 per share. The completion of the acquisition of the treasury shares remains subject to obtaining relevant regulatory and antitrust approvals in various government jurisdictions. The contract to acquire the additional shares of Asseco is a derivative under IFRS Accounting Standards and has been recorded at fair value as of March 31, 2025. Key unobservable inputs include the probability of receiving regulatory and antitrust approvals in each of the various government jurisdictions prior to September 30, 2025. The estimated fair value of the derivative asset increases as the probability increases. The estimated fair value of the asset decreases as the probability decreases. The key observable input is the share price of Asseco. As the Asseco share price increases, the fair value of the derivative increases. As the Asseco share price decreases, the fair value of the derivative decreases. During the three months ended March 31, 2025, a gain of $5 was recorded.

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

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, 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 March 31, 2025	Three months ended March 31, 2024
Decrease (increase) in current accounts receivable	$ (34)	$ (52)
Decrease (increase) in current unbilled revenue	(27)	(33)
Decrease (increase) in other current assets	(49)	(25)
Decrease (increase) in inventories	0	(5)
Decrease (increase) in other non-current assets	0	(21)
Increase (decrease) in other non-current liabilities	23	(12)
Increase (decrease) in current accounts payable and accrued liabilities, excluding holdbacks from acquisitions	(171)	(132)
Increase (decrease) in current deferred revenue	487	489
Increase (decrease) in current provisions	1	(1)
Change in non-cash operating working capital	$ 231	$ 208

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). 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.

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

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. The Company has an interest of 73.93% in Adapt IT (the remaining 26.07% represents non-controlling interest).

Lumine:

The Company reflects an equity interest of 61.40% in Lumine, a company based in Canada, and a non-controlling interest in Lumine of 38.60%.

The following tables summarize the information relating to the Company's non-controlling interests in Topicus, Adapt-IT and Lumine as at March 31, 2025 and December 31, 2024:

	As at March 31, 2025		
	Topicus Coop	**Adapt-IT**	**Lumine**
Non-controlling interest	39.35%	26.07%	38.60%
Current assets	651	47	514
Non-current assets	1,557	59	811
Total assets	2,209	106	1,325
Current liabilities	1,078	36	236
Non-current liabilities	357	23	386
Total liabilities	1,435	58	622
Less: Non-controlling interest of subsidaries, including interests held by CSI	48	-	-
Net assets after allocation of non-controlling interests (including interests held by CSI)	726	48	704
Inter-group eliminations	(9)	-	9
Total	717	48	713
Net assets allocated to the non-controlling interests of subsidiary	282	12	275
Add: Non-controlling interest of subsidaries not owned by CSI	23	-	-
Total non-controlling interest	306	12	275

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

	As at December 31, 2024		
	Topicus Coop	**Adapt-IT**	**Lumine**
Non-controlling interest	39.35%	26.07%	38.60%
Current assets	472	36	453
Non-current assets	1,123	59	835
Total assets	1,595	94	1,288
Current liabilities	727	27	218
Non-current liabilities	316	23	391
Total liabilities	1,043	50	610
Less: Non-controlling interest of subsidaries, including interests held by CSI	47	-	-
Net assets after allocation of non-controlling interests (including interests held by CSI)	505	44	679
Inter-group eliminations	(16)	-	8
Total	489	44	686
Net assets allocated to the non-controlling interests of subsidiary	192	12	265
Add: Non-controlling interest of subsidaries not owned by CSI	23	-	-
Total non-controlling interest	215	12	265

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 months ended March 31 2025 and 2024.

	Three months ended March 31, 2025		
	Topicus Coop	**Adapt-IT**	**Lumine**
Revenue	374	26	179
Expenses	324	23	150
Income (loss) before income taxes	50	3	28
Income tax expense	9	1	8
Net income (loss) prior to non-controlling interest allocation	41	2	21
Less: Non-controlling interest of subsidaries, including interests held by CSI	0	-	-
Net income (loss) after allocation of non-controlling interest	41	2	21
Inter-group eliminations	(2)	-	1
Total	39	2	21
Net income (loss) attributable to non-controlling interests	15	1	8
Add: Non-controlling interest of subsidaries not owned by CSI	0	-	-
Total non-controlling interest	16	1	8

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

	Three months ended March 31, 2024		
	Topicus Coop	Adapt-IT	Lumine
Revenue	331	24	141
Expenses	291	23	123
Redeemable preferred securities expense (income)	-	-	317
Income (loss) before income taxes	40	1	(299)
Income tax expense	9	1	4
Net income (loss) prior to non-controlling interest allocation	31	1	(303)
Less: Non-controlling interest of subsidaries, including interests held by CSI	(0)	-	-
Net income (loss) after allocation of non-controlling interest	31	1	(303)
Inter-group eliminations	(1)	-	260
Total	30	1	(43)
Net income (loss) attributable to non-controlling interests	12	0	(43)
Add: Non-controlling interest of subsidaries not owned by CSI	0	-	-
Total non-controlling interest	12	0	(43)

Financial information on the statement of cash flows for Topicus, Adapt-IT and Lumine for the three months ended March 31, 2025 and 2024:

	Three months ended March 31, 2025		
	Topicus Coop	Adapt-IT	Lumine
Cash flows from (used in) operating activities	284	14	40
Cash flows from (used in) financing activities	25	(4)	(6)
Cash flows from (used in) investing activities	(217)	(0)	4

	Three months ended March 31, 2024		
	Topicus Coop	Adapt-IT	Lumine
Cash flows from (used in) operating activities	247	7	35
Cash flows from (used in) financing activities	(119)	(1)	82
Cash flows from (used in) investing activities	(46)	0	(1)

19. Subsequent events

On May 12, 2025 the Company declared a $1.00 per share dividend that is payable on July 11, 2025 to all common shareholders of record at close of business on June 20, 2025.

On February 4, 2025, the Company entered into a binding agreement in respect of the acquisition of 12,318,863 treasury shares of Asseco. These shares represent 14.84% of Asseco’s share capital and will be purchased at a price of PLN 85 per share. The completion of the acquisition of the treasury shares remains subject to obtaining relevant regulatory and antitrust approvals.

Subsequent to March 31, 2025, the Company completed or has open commitments to acquire a number of businesses for aggregate cash consideration of $342 on closing plus total estimated deferred payments of $85 for total consideration of $427. The business acquisitions operate in the asset management, media and communications, financial services, fleet, local government, international law enforcement, telecommunications, healthcare, retail management and distribution, enterprise resource planning, craftsmen, transport, utilities, production and visualization software, leisure, oil and gas, pharmacy, content management system and travel verticals and are all software companies similar to the existing business of the Company.