Constellation Software Inc.

INTERIM FINANCIAL REPORT

Third Quarter Fiscal Year 2024

For the three and nine month periods ended
September 30, 2024
(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 and nine month periods ended September 30, 2024, 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 November 8, 2024. 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 of March 31, 2024, CSI holds 157,553,539 Lumine Subordinate Voting Shares.

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

Results of Operations

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

Unaudited

	Three months ended September 30,		Period-Over-Period Change		Nine months ended September 30,		Period-Over-Period Change	
	2024	2023	$	%	2024	2023	$	%
Revenue	**2,541**	**2,126**	**415**	**20%**	**7,363**	**6,084**	**1,279**	**21%**
Expenses	1,881	1,585	296	19%	5,578	4,648	930	20%
Amortization of intangible assets	271	214	57	27%	771	620	151	24%
Foreign exchange (gain) loss	30	(23)	54	NM	16	3	13	454%
IRGA / TSS membership liability revaluation charge	33	25	8	33%	122	94	27	29%
Finance and other expense (income)	(18)	2	(20)	NM	(50)	(7)	(43)	616%
Bargain purchase gain	1	(50)	51	NM	(4)	(51)	47	-92%
Impairment of intangible and other non-financial assets	2	1	1	75%	17	4	14	372%
Redeemable preferred securities expense (income)	-	37	(37)	-100%	58	319	(261)	-82%
Finance costs	72	50	22	44%	207	132	75	57%
Income before income taxes	270	285	(15)	-5%	648	322	326	101%
Income tax expense (recovery)								
Current income tax expense (recovery)	126	99	27	28%	396	315	81	26%
Deferred income tax expense (recovery)	(43)	(32)	(11)	36%	(196)	(155)	(41)	26%
Income tax expense (recovery)	83	67	16	24%	200	160	40	25%
Net income (loss) attributable to:								
Common shareholders of CSI	164	227	(63)	-28%	446	424	22	5%
Non-controlling interests	23	(8)	31	NM	2	(263)	265	NM
Net income (loss)	**187**	**219**	**(31)**	**-14%**	**448**	**161**	**286**	**178%**
Net cash flows from operating activities	**517**	**513**	**3**	**1%**	**1,518**	**1,268**	**250**	**20%**
Free cash flow available to shareholders	**362**	**367**	**(6)**	**-2%**	**990**	**835**	**155**	**19%**
Weighted average number of shares outstanding								
Basic and diluted	21.2	21.2			21.2	21.2		
Net income (loss) per share								
Basic and diluted	$ 7.74	$ 10.70	$ (2.96)	-28%	$ 21.04	$ 20.02	$ 1.02	5%
Net cash flows from operating activities per share								
Basic and diluted	$ 24.37	$ 24.22	$ 0.16	1%	$ 71.64	$ 59.84	$ 11.80	20%
Free cash flow available to shareholders per share								
Basic and diluted	$ 17.06	$ 17.33	$ (0.26)	-2%	$ 46.72	$ 39.42	$ 7.30	19%
Cash dividends declared per share								
Basic and diluted	$ 1.00	$ 1.00	$ -	0%	$ 3.00	$ 3.00	$ -	0%

NM - Not meaningful

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

Comparison of the three and nine month periods ended September 30, 2024 and 2023

Revenue:

Total revenue for the quarter ended September 30, 2024 was $2,541 million, an increase of 20%, or $415 million, compared to $2,126 million for the comparable period in 2023. For the first nine months of 2024 total revenues were $7,363 million, an increase of 21%, or $1,279 million, compared to $6,084 million for the comparable period in 2023. The increase for both the three and nine month periods compared to the same periods in the prior year is primarily attributable to growth from acquisitions as the Company experienced organic growth of 2% and 3% respectively, 1% and 2% respectively 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 September 30,		Period-Over-Period Change		Q323 Proforma Adj. (Note 1)	Organic Growth	Nine months ended September 30,		Period-Over-Period Change		Q323 Proforma Adj. (Note 2)	Organic Growth
	2024	2023	$	%	$	%	2024	2023	$	%	$	%
	($ in millions, except percentages)						($ in millions, except percentages)					
Licenses	84	84	0	0%	21	-20%	259	254	5	2%	60	-17%
Professional services	487	450	36	8%	70	-7%	1,451	1,290	161	12%	211	-3%
Hardware and other	78	71	7	10%	13	-7%	204	191	13	7%	33	-9%
Maintenance and other recurring	1,893	1,521	372	24%	271	6%	5,449	4,349	1,100	25%	795	6%
	2,541	2,126	415	20%	376	2%	7,363	6,084	1,279	21%	1,099	3%

$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 September 30, 2023 from companies acquired after June 30, 2023. (Obtained from unaudited vendor financial information.)

Note 2: Estimated pre-acquisition revenues for the nine months ended September 30, 2023 from companies acquired after December 31, 2022. (Obtained from unaudited vendor financial information.)

For comparative purposes the table below shows the quarterly organic growth as compared to the same period in the prior year by revenue type since Q3 2022. 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								
	Sep. 30 2022	Dec. 31 2022	Mar. 31 2023	Jun. 30 2023	Sep. 30 2023	Dec. 31 2023	Mar. 31 2024	Jun. 30 2024	Sep. 30 2024
Licenses	-16%	-7%	-9%	-1%	-7%	15%	-8%	-23%	-20%
Professional services	-7%	-9%	0%	1%	7%	4%	-1%	-2%	-7%
Hardware and other	-7%	36%	-1%	3%	10%	-18%	-11%	-9%	-7%
Maintenance and other recurring	-1%	1%	4%	6%	9%	7%	7%	5%	6%
Revenue	**-3%**	**-1%**	**2%**	**4%**	**7%**	**6%**	**4%**	**2%**	**2%**

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

	Quarter Ended								
	Sep. 30 2022	Dec. 31 2022	Mar. 31 2023	Jun. 30 2023	Sep. 30 2023	Dec. 31 2023	Mar. 31 2024	Jun. 30 2024	Sep. 30 2024
Licenses	-11%	-3%	-7%	-1%	-9%	13%	-9%	-23%	-20%
Professional services	-2%	-5%	3%	1%	4%	2%	-2%	-2%	-7%
Hardware and other	1%	44%	2%	3%	6%	-20%	-12%	-8%	-8%
Maintenance and other recurring	5%	6%	6%	7%	7%	6%	6%	6%	6%
Revenue	**2%**	**4%**	**5%**	**5%**	**5%**	**4%**	**3%**	**3%**	**1%**

Expenses:

The following table displays the breakdown of our expenses:

	Three months ended September 30,		Period-Over-Period Change		Nine months ended September 30,		Period-Over-Period Change	
	2024	2023	$	%	2024	2023	$	%
	($ in millions, except percentages)				($ in millions, except percentages)			
Expenses								
Staff	1,336	1,112	223	20%	3,956	3,291	665	20%
Hardware	43	42	1	2%	114	113	2	1%
Third party license, maintenance and professional services	243	208	35	17%	701	592	109	18%
Occupancy	18	11	7	59%	48	37	10	27%
Travel, Telecommunications, Supplies & Software and equipment	120	99	21	21%	365	285	81	28%
Professional fees	43	36	8	21%	126	107	19	18%
Other, net	34	37	(3)	-8%	134	103	31	30%
Depreciation	46	41	5	13%	135	120	15	13%
	1,881	1,585	296	19%	5,578	4,648	930	20%

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

Overall expenses for the quarter ended September 30, 2024 increased 19%, or $296 million to $1,881 million, compared to $1,585 million during the same period in 2023. As a percentage of total revenue, expenses equalled 74% for the quarter ended September 30, 2024 and 75% for the same period in 2023. During the nine months ended September 30, 2024, expenses increased 20%, or $930 million to $5,578 million, compared to $4,648 million during the same period in 2023. As a percentage of total revenue, expenses equalled 76% for the nine months ended September 30, 2024 and 76% for the same period in 2023. For the three and nine months ended September 30, 2024 the change in valuation of the US dollar against most major currencies in which the Company transacts business resulted in an approximate 0.3% and 0.1% increase in expenses respectively compared to the comparable periods of 2023.

Staff expense – Staff expenses increased 20% or $223 million for the quarter ended September 30, 2024 and 20% or $665 million for the nine months ended September 30, 2024 over the same periods in 2023. Staff expense can be broken down into five key operating departments: Professional Services, Maintenance, Research and Development, Sales and Marketing, and General and Administrative. Included within staff expenses for each of the above five departments are personnel and related costs associated with providing the necessary services. The table below compares the period over period variances.

	Three months ended September 30,		Period-Over-Period Change		Nine months ended September 30,		Period-Over-Period Change	
	2024	2023	$	%	2024	2023	$	%
	($ in millions, except percentages)				($ in millions, except percentages)			
Professional services	286	257	29	11%	862	771	92	12%
Maintenance	276	213	63	30%	791	627	163	26%
Research and development	360	304	56	18%	1,076	887	189	21%
Sales and marketing	155	138	18	13%	471	411	59	14%
General and administrative	258	201	57	28%	756	595	161	27%
	1,336	1,112	223	20%	3,956	3,291	665	20%

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

The increase in staff expenses for the three and nine months ended September 30, 2024 was primarily due to the growth in the number of employees compared to the same periods in 2023 primarily due to acquisitions.

Hardware expenses – Hardware expenses increased 2% or $1 million for the quarter ended September 30, 2024 and 1% or $2 million for the nine months ended September 30, 2024 over the same periods in 2023 as compared with the 10% and 7% increases in hardware and other revenue for the three and nine month periods ending September 30, 2024 respectively over the comparable periods in 2023. Hardware margins for the three and nine months ended September 30, 2024 were 45% and 44% respectively as compared to 41% for both the comparable periods in 2023.

Third party license, maintenance and professional services expenses – Third party license, maintenance and professional services expenses increased 17% or $35 million for the quarter ended September 30, 2024 and 18% or $109 million for the nine months ended September 30, 2024 over the same periods in 2023. The increase is primarily due to third party license, maintenance and professional services expenses of acquired businesses.

Occupancy expenses – Occupancy expenses increased 59% or $7 million for the quarter ended September 30, 2024 and 27% or $10 million for the nine months ended September 30, 2024 over the same periods in 2023. During the quarter ended September 30, 2023 one of the Company's business units received a $2 million eviction indemnity. Excluding the indemnity credit, occupancy expenses increased 38% and 22% for the three and nine months ended September 30, 2024 over the same periods in 2023. This increase is primarily due to the occupancy expenses of acquired businesses; however, excluding the impact of acquired businesses, occupancy expenses are expected to decrease in the future, as certain businesses reduce office space as a result of the increase in remote working environments.

Travel, Telecommunications, Supplies & Software and equipment expenses – Travel, Telecommunications, Supplies & Software and equipment expenses increased 21% or $21 million for the quarter ended September 30, 2024 and 28% or $81 million for the nine months ended September 30, 2024 over the same periods in 2023. The increase in these expenses is primarily due to expenses incurred by acquired businesses.

Professional fees – Professional fees increased 21% or $8 million for the quarter ended September 30, 2024 and 18% or $19 million for the nine months ended September 30, 2024 over the same periods in 2023. There are no individually material reasons contributing to this variance.

Other, net – Other expenses decreased 8% or $3 million for the quarter ended September 30, 2024 and increased 30% or $31 million for the nine months ended September 30, 2024 over the same periods in 2023. The following table provides a further breakdown of expenses within this category.

	Three months ended September 30, 2024	Three months ended September 30, 2023	Period-Over-Period Change $	Period-Over-Period Change %	Nine months ended September 30, 2024	Nine months ended September 30, 2023	Period-Over-Period Change $	Period-Over-Period Change %
	($ in millions, except percentages)				($ in millions, except percentages)			
Advertising and promotion	29	27	2	9%	94	80	14	17%
Recruitment and training	10	10	0	5%	32	30	2	7%
Bad debt expense	2	1	1	206%	6	8	(2)	-31%
R&D tax credits	(15)	(11)	(3)	29%	(40)	(28)	(12)	42%
Contingent consideration	(4)	3	(7)	NM	12	(8)	20	NM
Other expense, net	11	8	3	42%	31	21	9	44%
	34	37	(3)	-8%	134	103	31	30%

NM - Not meaningful

The contingent consideration expense amounts recorded for the three and nine months ended September 30, 2024 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 increased 13% or $5 million for the quarter ended September 30, 2024 and 13% or $15 million for the nine months ended September 30, 2024 over the same periods in 2023. The increases are primarily due to the depreciation expense associated with acquired businesses.

Other Income and Expenses:

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

	Three months ended September 30, 2024	Three months ended September 30, 2023	Period-Over-Period Change $	Period-Over-Period Change %	Nine months ended September 30, 2024	Nine months ended September 30, 2023	Period-Over-Period Change $	Period-Over-Period Change %
	($ in millions, except percentages)				($ in millions, except percentages)			
Amortization of intangible assets	271	214	57	27%	771	620	151	24%
Foreign exchange (gain) loss	30	(23)	54	NM	16	3	13	454%
IRGA / TSS membership liability revaluation charge	33	25	8	33%	122	94	27	29%
Finance and other expense (income)	(18)	2	(20)	NM	(50)	(7)	(43)	616%
Bargain purchase gain	1	(50)	51	NM	(4)	(51)	47	-92%
Impairment of intangible and other non-financial assets	2	1	1	75%	17	4	14	372%
Redeemable preferred securities expense (income)	-	37	(37)	-100%	58	319	(261)	-82%
Finance costs	72	50	22	44%	207	132	75	57%
Income tax expense (recovery)	83	67	16	24%	200	160	40	25%
	473	322	151	47%	1,337	1,274	63	5%

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 27% or $57 million for the quarter ended September 30, 2024 and 24% or $151 million for the nine months ended September 30, 2024 over the same periods in 2023. The increase in amortization expense for the three and nine months ended September 30, 2024 is primarily attributable to an increase in the carrying amount of our intangible asset balance over the twelve-month period ended September 30, 2024 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 three and nine months ended September 30, 2024, we realized foreign exchange losses of $30 million and $16 million respectively compared to a foreign exchange gain of $23 million and a foreign exchange loss of $3 million for the same periods in 2023. The following table provides a breakdown of these amounts.

	Three months ended September 30,		Period-Over-Period Change		Nine months ended September 30,		Period-Over-Period Change	
	2024	2023	$	%	2024	2023	$	%
	($ in millions, except percentages)				($ in millions, except percentages)			
Unrealized foreign exchange (gain) loss related to:								
- revaluation of intercompany loans between entities with differing functional currencies [(1)]	1	(3)	5	NM	15	6	9	158%
- 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.	5	(5)	10	NM	(8)	(0)	(8)	NM
- revaluation of the liability associated with the IRGA (Euro denominated liability)	26	(16)	42	NM	7	(7)	14	NM
Remaining foreign exchange (gain) loss	(2)	1	(3)	NM	1	4	(3)	-75%
	30	(23)	54	NM	16	3	13	454%

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 September 30, 2024 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 5% or $33 million from Q2 2024, and approximately 19% or $122 million from Q4 2023. The increases are primarily the result of the growth in TSS' trailing twelve month maintenance revenue on a pro-forma basis (primarily due to acquisitions). 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 7% or $43 million over the nine month period ended September 30, 2024 from $635 million to $679 million as a result of the revaluation charge of

$122 million less a distribution to the Joday Group of $63 million, a payment pursuant to an exercised call option of $22 million and a $7 million foreign exchange loss. The IRGA / TSS membership liability is denominated in Euros and the Euro appreciated 1% versus the US dollar during the nine months ended September 30, 2024.

Finance and other expense (income) – Finance and other income for the three and nine months ended September 30, 2024 was $18 million and $50 million respectively, compared to an expense of $2 million and income of $7 million respectively for the same periods in 2023. The following table provides a further breakdown of expenses (income) within this category.

	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Interest income on cash	$ (10)	$ (0)	$ (25)	$ (1)
(Increase) decrease in the fair value of equity securities held for trading	(2)	8	(2)	3
Share in net (income) loss of equity investee	0	0	0	0
Finance and other income	(6)	(5)	(23)	(9)
Finance and other expense (income)	$ (18)	$ 2	$ (50)	$ (7)

Accounts receivable balances totalling $8 million that had been reserved for as part of the purchase accounting for an acquisition made in Q3 2023 were collected during the three months ended June 30, 2024. This income has been recorded as part of the "Finance and other income" line item above.

Bargain purchase gain – A bargain purchase gain adjustment totalling positive $1 million was recorded in the three months ended September 30, 2024, compared to a bargain purchase gain of $50 million for the same period in 2023, both relating to acquisitions made in the three months ended September 30, 2023. A bargain purchase gain of $4 million was recorded in the nine months ended September 30, 2024, compared to $51 million for the same period in 2023, relating to acquisitions made in the respective periods. A $49 million gain was recorded in the three and nine months ended September 30, 2023 relating to an acquisition that was expected to incur operating losses in the first year of ownership, and below average margins in the following two years. In accordance with IFRS, an accrual for these investments in the business was not recorded as part of the purchase price accounting. The remaining gains 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 – Impairment expenses of $2 million and $17 million were recorded in the three and nine month periods ended September 30, 2024 compared to $1 million and $4 million for the same periods in 2023. 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 and nine month periods ended September 30, 2024 was nil and $58 million respectively, compared to $37 million and $319 million for the same periods in 2023. 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 September 30, 2024 increased $22 million to $72 million, compared to $50 million for the same period in 2023. During the nine months ended September 30, 2024, finance costs increased $75 million to $207 million, from $132 million for the same period in 2023. The increases are primarily a result of an increase in the average debt outstanding in 2024 as compared to 2023, and an increase in interest rates.

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 September 30, 2024, income tax expense increased $16 million to $83 million compared to $67 million for the same period in 2023. During the nine months ended September 30, 2024, income tax expense increased $40 million to $200 million compared to $160 million for the same period in 2023. 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 and nine months ended September 30, 2024 was 31% for both periods (23% and 50% for the three and nine months ended September 30, 2023 respectively). The effective tax rates are 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 September 30, 2024 was $164 million compared to $227 million for the same period in 2023. On a per share basis this translated into net income per diluted share of $7.74 in the quarter ended September 30, 2024 compared to net income per diluted share of $10.70 for the same period in 2023. For the nine months ended September 30, 2024, net income attributable to common shareholders of CSI was $446 million or $21.04 per diluted share compared to $424 million or $20.02 per diluted share for the same period in 2023. There was no change in the number of shares outstanding.

Net cash flows from operating activities (“CFO”):

For the quarter ended September 30, 2024, CFO increased $3 million to $517 million compared to $513 million for the same period in 2023 representing an increase of 1%. For the nine months ended September 30, 2024, CFO increased $250 million to $1,518 million compared to $1,268 million for the same period in 2023 representing an increase of 20%.

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

For the quarter ended September 30, 2024, FCFA2S decreased $6 million to $362 million compared to $367 million for the same period in 2023 representing a decrease of 2%. For the nine months ended September 30, 2024, FCFA2S increased $155 million to $990 million compared to $835 million for the same period in 2023 representing an increase of 19%.

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

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	($ in millions)		($ in millions)	
Net cash flows from operating activities	517	513	1,518	1,268
Adjusted for:				
Interest paid on lease obligations	(4)	(3)	(10)	(8)
Interest paid on debt	(63)	(34)	(141)	(96)
Proceeds from sale of interest rate cap	-	(1)	-	5
Debt transaction costs	(1)	(1)	(13)	(4)
Payments of lease obligations	(31)	(25)	(89)	(78)
IRGA / TSS membership liability revaluation charge	(33)	(25)	(122)	(94)
Property and equipment purchased	(19)	(10)	(42)	(29)
Interest and dividends received	10	0	25	1
	376	415	1,125	965
Less amount attributable to Non-controlling interests	(14)	(47)	(135)	(129)
Free cash flow available to shareholders	362	367	990	835

Due to rounding, certain totals may not foot.

Quarterly Results

	Quarter Ended								
	Sep. 30 2022	Dec. 31 2022	Mar. 31 2023	Jun. 30 2023	Sep. 30 2023	Dec. 31 2023	Mar. 31 2024	Jun. 30 2024	Sep. 30 2024
Revenue	1,725	1,847	1,919	2,039	2,126	2,323	2,353	2,468	2,541
Net income (loss) *	136	152	94	103	227	141	105	177	164
CFO	321	400	632	123	513	511	737	265	517
FCFA2S	229	290	453	14	367	325	446	182	362
Net income per share *									
Basic & diluted	6.42	7.19	4.44	4.88	10.70	6.64	4.95	8.35	7.74
CFO per share									
Basic & diluted	15.17	18.89	29.85	5.78	24.22	24.09	34.76	12.51	24.37
FCFA2S per share									
Basic & diluted	10.82	13.68	21.37	0.68	17.33	15.33	21.04	8.61	17.06

* 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 September 30, 2024 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 September 30, 2024, the Company holds 157,553,539 Lumine Subordinate Voting Shares 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%).

The tables below provide certain supplemental balance sheet, statement of income, and net operating cash flow information of Topicus and Lumine for the three and nine months ended September 30, 2024. 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 September 30, 2024

(Unaudited)	Constellation Software Inc. (excluding Topicus & Lumine)	Topicus	Lumine	Consolidated
Cash	1,627	262	180	2,069
Bank debt, bonds and debentures	2,797	385	289	3,471

Statement of Income
(Excluding intercompany activity)

	For the three months ended September 30, 2024				For the nine months ended September 30, 2024			
(Unaudited)	Constellation Software Inc. (excluding Topicus & Lumine)	Topicus	Lumine	Consolidated	Constellation Software Inc. (excluding Topicus & Lumine)	Topicus	Lumine	Consolidated
Revenue	**2,023**	**341**	**177**	**2,541**	**5,877**	**1,005**	**481**	**7,363**
Expenses	1,520	245	116	1,881	4,489	752	338	5,578
Amortization of intangible assets	204	38	30	271	581	108	82	771
Foreign exchange (gain) loss	27	(0)	3	30	10	0	5	16
IRGA / Membership liability revaluation charge	33	-	-	33	122	-	-	122
Finance and other income	(17)	(0)	(0)	(18)	(46)	(2)	(1)	(50)
Bargain purchase gain	1	-	-	1	(4)	(0)	-	(4)
Impairment of intangible and other non-financial assets	2	-	-	2	17	1	-	17
Redeemable preferred securities expense (income)	-	-	-	-	-	-	58	58
Finance costs	57	8	6	72	171	22	15	207
Income (loss) before income taxes	197	50	23	270	538	125	(15)	648
Income tax expense (recovery)								
Current income tax expense (recovery)	95	18	14	126	316	49	31	396
Deferred income tax expense (recovery)	(26)	(8)	(10)	(43)	(154)	(23)	(19)	(196)
Income tax expense (recovery)	69	10	4	83	162	25	12	200
Net income (loss)	**127**	**41**	**19**	**187**	**376**	**99**	**(27)**	**448**
Net cash flows from operating activities	**462**	**35**	**19**	**517**	**1,163**	**291**	**64**	**1,518**

Foreign Exchange Adjusted Organic Revenue Growth
(Excluding intercompany activity)

	For the three months ended September 30, 2024				For the nine months ended September 30, 2024			
	Constellation Software Inc. (excluding Topicus & Lumine)	Topicus	Lumine	Consolidated	Constellation Software Inc. (excluding Topicus & Lumine)	Topicus	Lumine	Consolidated
Licenses	-17%	0%	-40%	-20%	-16%	-1%	-35%	-18%
Professional services	-7%	-4%	-13%	-7%	-3%	-4%	-11%	-4%
Hardware and other	-3%	-5%	-39%	-8%	-3%	-11%	-54%	-9%
Maintenance and other recurring	6%	7%	0%	6%	6%	7%	0%	6%
Revenue	2%	4%	-9%	1%	3%	4%	-8%	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 and nine months ended September 30, 2024. 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 September 30, 2024

(Unaudited)	Constellation Software Inc. (excluding Altera)	Altera	Consolidated
Cash	1,892	177	2,069
Bank debt, bonds and debentures	3,208	263	3,471

Statement of Income
(Excluding intercompany activity)

	For the three months ended September 30, 2024			For the nine months ended September 30, 2024		
(Unaudited)	Constellation Software Inc. (excluding Altera)	Altera	Consolidated	Constellation Software Inc. (excluding Altera)	Altera	Consolidated
Revenue	**2,357**	**184**	**2,541**	**6,783**	**580**	**7,363**
Expenses	1,726	155	1,881	5,109	470	5,578
Amortization of intangible assets	253	18	271	718	53	771
Foreign exchange (gain) loss	31	(1)	30	17	(2)	16
IRGA / Membership liability revaluation charge	33	-	33	122	-	122
Finance and other income	(18)	1	(18)	(49)	(1)	(50)
Bargain purchase gain	1	-	1	(4)	-	(4)
Impairment of intangible and other non-financial assets	2	-	2	17	-	17
Redeemable preferred securities expense (income)	-	-	-	58	-	58
Finance costs	67	5	72	194	14	207
Income (loss) before income taxes	263	7	270	601	47	648
Income tax expense (recovery)						
Current income tax expense (recovery)	122	5	126	374	22	396
Deferred income tax expense (recovery)	(39)	(5)	(43)	(183)	(13)	(196)
Income tax expense (recovery)	83	0	83	190	10	200
Net income (loss)	**180**	**7**	**187**	**410**	**37**	**448**
Net cash flows from operating activities	**485**	**31**	**517**	**1,425**	**93**	**1,518**
Free cash flow available to shareholders	**337**	**25**	**362**	**918**	**72**	**990**

Foreign Exchange Adjusted Organic Revenue Growth
(Excluding intercompany activity)

	For the three months ended September 30, 2024			For the nine months ended September 30, 2024		
	Constellation Software Inc. (excluding Altera)	**Altera**	**Consolidated**	**Constellation Software Inc. (excluding Altera)**	**Altera**	**Consolidated**
Licenses	-19%	-149%	-20%	-18%	-23%	-18%
Professional services	-4%	-23%	-7%	-2%	-11%	-4%
Hardware and other	-8%	186%	-8%	-9%	-44%	-9%
Maintenance and other recurring	6%	1%	6%	6%	2%	6%
Revenue	2%	-10%	1%	3%	-4%	2%

Liquidity

	September 30, 2024	**December 31, 2023**	**Variance**
Cash	**2,069**	**1,284**	**785**
Debt with recourse to Constellation Software Inc.	2,176	1,723	452
Debt without recourse to Constellation Software Inc.	1,974	1,610	364
Debt	**4,150**	**3,334**	**816**
Cash less Debt	**(2,081)**	**(2,050)**	**(31)**

Cash flows from operations exceeded the net capital deployed on acquisitions plus dividends during the nine months ended September 30, 2024. Cash increased by $785 million to $2,069 million at September 30, 2024 compared to $1,284 million at December 31, 2023 and debt increased by $816 million to $4,150 million at September 30, 2024 compared to $3,334 million at December 31, 2023.

Total assets increased $1,707 million, from $10,866 million at December 31, 2023 to $12,573 million at September 30, 2024. The increase is primarily due to the $785 million increase in cash, the $110 million increase in unbilled revenue, and the $461 million increase in intangible assets. At September 30, 2024 Topicus, Lumine and other subsidiaries with non-recourse debt facilities hold approximately $741 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 decreased $795 million, from $5,484 million at December 31, 2023 to $4,689 million at September 30, 2024. The decrease is primarily due to a decrease in redeemable preferred securities of $814 million, and a decrease in debt with recourse to Constellation of $566 million offset by an increase in debt without recourse to Constellation of $190 million, and an increase in deferred revenue of $257 million mainly due to acquisitions made since December 31, 2023 and the timing of maintenance and other billings versus performance and delivery under those customer arrangements.

Net Changes in Cash Flows

($ in millions)	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Net cash provided by operating activities	1,518	1,268
Net cash from (used in) financing activities	250	224
Cash used in the acquisition of businesses	(1,054)	(1,401)
Cash obtained with acquired businesses	89	113
Net cash from (used in) other investing activities	(28)	73
Net cash from (used in) investing activities	(993)	(1,216)
Effect of foreign currency	11	(10)
Net increase (decrease) in cash and cash equivalents	**785**	**265**

The net cash flows from operating activities were $1,518 million for the nine months ended September 30, 2024. The $1,518 million provided by operating activities resulted from net income of $448 million plus $1,472 million of adjustments to net income (primarily amortization of intangible assets, depreciation, redeemable preferred securities expense, IRGA/TSS Membership liability revaluation charge, finance costs and income tax expense), offset by $38 million of cash used in non-cash working capital and $363 million in taxes paid.

The net cash flows from financing activities for the nine months ended September 30, 2024 were $250 million, which is mainly a result of a net increase in debt facilities of $769 million offset by dividends paid to non-controlling interests of $86 million, a distribution to the Joday group of $64 million, principal repayments to the Joday group pursuant to the exercise of a call option of $22 million, dividends paid to common shareholders of $64 million, lease obligation payments of $89 million, and interest payments of $151 million.

The net cash flows used in investing activities for the nine months ended September 30, 2024 were $993 million. The cash used in investing activities was primarily due to acquisitions for an aggregate of $1,054 million (including payments for holdbacks relating to prior acquisitions), offset by $89 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(and, except for debentures, equal to fair value)	$ -	$ 1,000	$ 679	$ 367	$ 87		$ 2,132
Deduct: Unamortized transaction costs included in debt balance	-	(8)	-	-	(0)		(8)
Add: Unamortized debt premium	-		-	51	-		51
Carrying value at September 30, 2024	-	992	679	418	87	-	2,176
Current portion	-	-	294	-	-		294
Non-current portion	-	992	385	418	87		1,881

CSI Facility

On November 5, 2021, Constellation completed an amendment and restatement of its revolving credit facility agreement (the "CSI Facility"), with a syndicate of Canadian chartered banks and U.S. banks in the amount of $700 million, extending its maturity date to November 2026. On March 3, 2023 and January 31, 2024, Constellation completed further amendments to the CSI Facility that increased the revolving credit facility limit to $840 million and $1,085 million respectively, with a syndicate of existing and new institutions. As part of the most recent amendment, the agreement has moved from a secured to an unsecured facility structure, which continues to be available for general corporate purposes including acquisitions and working capital. The CSI Facility is guaranteed by certain subsidiaries of the Company. The CSI Facility bears a variable interest rate with no fixed repayments required over the term to maturity. Interest rates are calculated at standard U.S. and Canadian reference rates plus interest rate spreads based on a leverage table. The CSI Facility contains standard events of default which if not remedied within a cure period would trigger the repayment of any outstanding balance. As at September 30, 2024, nil 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, 2023 the Joday Group's interest in Topicus Coop comprised 39,331,284 Topicus Coop Ordinary Units resulting in an interest of 30.29% 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. 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 classified the above obligations of CSI under the terms of the IRGA as a liability consistent with the classification of similar obligations under the Members Agreement. The main valuation driver in the calculation of the liability is the maintenance and other recurring revenue of Topicus. 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 purchase date. Any increase or decrease in the value of such liability is recorded as an expense or income in the consolidated statement of income for the period. In conjunction with the termination of the Members Agreement and the execution of the IRGA, the Company recognized an expense of $19 million as the formula associated with the calculation of the obligation has changed from the use of actual trailing twelve months maintenance and other recurring revenue of Topicus to a calculation which includes the revenue increase from acquired companies on a pro-forma basis.

During the three months ended March 31, 2024, the Company exercised its call option ("Call Notice") to buy certain Topicus Coop Units from certain members of the Joday Group. The Company exercised its call option to purchase 1,773,030 Topicus Coop Units for a total purchase price of $33 million (€30 million). The Company subsequently sold 589,967 of the purchased Topicus Coop Units back to certain remaining members of the Joday Group for proceeds of $11 million (€10 million). The Joday Group's interest in Topicus Coop now comprises 38,148,221 Topicus Coop Ordinary Units resulting in an interest of 29.38% in Topicus Coop. CSI subsequently exchanged 994,110 Topicus Coop Ordinary Units for 994,110 Topicus Subordinate Voting Shares and as of September 30, 2024, CSI holds 188,953 Topicus Coop Ordinary Units and 40,406,513 Topicus Subordinate Voting Shares.

During the three months ended March 31, 2024, a distribution in the amount of $64 million (€59 million) was paid to the Joday Group.

The liability recorded on the balance sheet at September 30, 2024 was $679 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 September 30, 2024 was $367 million (C$495 million).

Guarantees

One of CSI's subsidiaries has entered into a $87 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 (and equal to fair value)	324	$ 1,163	$ 500	1,987
Deduct: Carrying value of transaction costs included in debt balance	(3)	(10)	-	(13)
Carrying value at September 30, 2024	321	1,153	500	1,974
Current portion	321	93	-	414
Non-current portion	-	1,060	500	1,560

Redeemable Preferred Securities

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

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

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 $175 million at September 30, 2024. Aside from the aforementioned, we do not have any other business arrangements, derivative financial instruments, or any equity interests in non-consolidated entities that would have a significant effect on our assets and liabilities as at September 30, 2024.

Contractual obligations at September 30, 2024 are summarized below.

(in millions of dollars)

	Total	< 1 yr	1-5 yrs	> 5 yrs
Lease obligations	377	111	226	41
Holdbacks	409	285	123	-
Liability of CSI under the terms of the IRGA/TSS Members Agreement	679	294	385	-
Debentures	418	-	-	418
Term Loan	87	-	87	-
CSI revolving credit facility	-	-	-	-
Senior Notes	1,000	-	500	500
Topicus revolving credit facility without recourse to Constellation Software Inc.	324	324	-	-
Promissory note	500	-	7	493
Other debt facilities without recourse to Constellation Software Inc.	1,163	93	1,069	1
Total outstanding commitments	4,956	1,107	2,396	1,452

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 November 8, 2024. See note 7 to the Unaudited Condensed Consolidated Interim Financial Statements for the three and nine month periods ended September 30, 2024 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 September 30, 2024 and December 31, 2023 in the Unaudited Condensed Consolidated Interim Financial Statements for the three and nine month periods ended September 30, 2024 are summarized below. The Company has no additional financial liabilities measured at fair value after initial recognition other than those recognized in connection with business combinations and the redeemable preferred securities.

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

- 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 and nine months ended September 30, 2024 was approximately positive 0.2% and 0.1% respectively. 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 nine months ended September 30, 2024, 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 and nine months ended September 30, 2024:

	Three Months Ended September 30, 2024		Nine Months Ended September 30, 2024	
Currencies	% of Revenue	% of Expenses	% of Revenue	% of Expenses
USD	53%	48%	53%	48%
EUR	18%	19%	18%	19%
GBP	8%	8%	8%	8%
CAD	5%	8%	5%	8%
AUD	4%	4%	4%	4%
BRL	2%	2%	2%	2%
CHF	1%	2%	1%	2%
SEK	1%	1%	1%	1%
Others	7%	9%	7%	9%
Total	100%	100%	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 November 8, 2024, 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 September 30, 2024 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 November 8, 2024 the Company declared a $1.00 per share dividend that is payable on January 10, 2025 to all common shareholders of record at close of business on December 10, 2024.

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

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

CONSTELLATION SOFTWARE INC.

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

CONSTELLATION SOFTWARE INC.

Condensed Consolidated Interim Statements of Financial Position
(In millions of U.S. dollars, except per share amounts. Due to rounding, numbers presented may not foot.)

Unaudited

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

See accompanying notes to the condensed consolidated interim financial statements.

CONSTELLATION SOFTWARE INC.

Condensed Consolidated Interim Statements of Income (loss)
(In millions of U.S. dollars, except per share amounts. Due to rounding, numbers presented may not foot.)

Unaudited

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

See accompanying notes to the condensed consolidated interim financial statements.

CONSTELLATION SOFTWARE INC.

Condensed Consolidated Interim Statements of Comprehensive Income (loss)
(In millions of U.S. dollars, except per share amounts. Due to rounding, numbers presented may not foot.)

Unaudited

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

See accompanying notes to the condensed consolidated interim financial statements.

CONSTELLATION SOFTWARE INC.

Condensed Consolidated Interim Statement of Changes in Equity
(In millions of U.S. dollars, except per share amounts. Due to rounding, numbers presented may not foot.)

Unaudited

Nine months ended September 30, 2024

	Equity Attributable to Common Shareholders of CSI					
	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)	-	-	446	446	2	448
Other comprehensive income (loss)						
Foreign currency translation differences from foreign operations and other, net of tax	-	7	-	7	2	8
Total other comprehensive income (loss)	**-**	**7**	**-**	**7**	**2**	**8**
Total comprehensive income (loss)	**-**	**7**	**446**	**453**	**3**	**456**
Transactions with owners, recorded directly in equity						
Non-controlling interests arising from business combinations	-	-	-	-	(0)	(0)
Conversion of Lumine Special Shares to subordinate voting shares of Lumine and settlement of accrued dividend on Lumine Special Shares through the issuance of subordinate voting shares of Lumine (note 9)	-	-	-	-	872	872
Conversion of Lumine Preferred Shares to subordinate voting shares of Lumine and settlement of accrued dividend on Lumine Preferred Shares through the issuance of subordinate voting shares of Lumine (note 1)		(6)	400	394	(394)	-
Other movements in non-controlling interests	-	-	(1)	(1)	(3)	(4)
Dividends paid to non-controlling interests (note 18)	-	-	-	-	(86)	(86)
Dividends to shareholders of the Company (note 12)	-	-	(64)	(64)	-	(64)
Balance at September 30, 2024	**$ 99**	**$ (98)**	**$ 2,657**	**$ 2,658**	**$ 478**	**$ 3,136**

See accompanying notes to the condensed consolidated interim financial statements.

CONSTELLATION SOFTWARE INC.

Condensed Consolidated Interim Statement of Changes in Equity
(In millions of U.S. dollars, except per share amounts. Due to rounding, numbers presented may not foot.)

Unaudited
Nine months ended September 30, 2023

	Equity Attributable to Common Shareholders of CSI					
	Capital stock	**Accumulated other comprehensive income (loss)**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at January 1, 2023	**$ 99**	**$ (150)**	**$ 1,763**	**$ 1,713**	**$ 221**	**$ 1,933**
Total comprehensive income (loss):						
Net income (loss)	-	-	424	424	(263)	161
Other comprehensive income (loss)						
Foreign currency translation differences from foreign operations and other, net of tax	-	(21)	-	(21)	(6)	(27)
Total other comprehensive income (loss)	**-**	**(21)**	**-**	**(21)**	**(6)**	**(27)**
Total comprehensive income (loss)	**-**	**(21)**	**424**	**404**	**(269)**	**135**
Transactions with owners, recorded directly in equity						
Special dividend of Lumine Subordinate Voting Shares	-	12	(378)	(366)	366	-
Acquisition of non-controlling interests	-	-	-	-	(1)	(1)
Conversion of Lumine Special Shares to subordinate voting shares of Lumine	-	-	-	-	5	5
Other movements in non-controlling interests	-	0	16	16	(18)	(2)
Dividends to shareholders of the Company	-	-	(64)	(64)	-	(64)
Balance at September 30, 2023	**$ 99**	**$ (159)**	**$ 1,762**	**$ 1,703**	**$ 304**	**$ 2,006**

See accompanying notes to the condensed consolidated interim financial statements.

CONSTELLATION SOFTWARE INC.

Condensed Consolidated Interim Statements of Cash Flows

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

Unaudited

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

See accompanying notes to the condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

1. Reporting entity

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

Preferred Share Investment in Lumine Group Inc. (“Lumine”)

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

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

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

2. Basis of presentation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”) and using the accounting policies disclosed in Note 3 of the Company’s 2023 annual consolidated financial statements, available on the System for Electronic Document Analysis and Retrieval (“SEDAR+”) at www.sedarplus.com, except as disclosed herein.

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

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

(b) Basis of measurement

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

(c) Functional and presentation of currency

The condensed consolidated interim financial statements are presented in U.S. dollars, which is Constellation's functional currency.

(d) Use of estimates and judgements

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses, consistent with those disclosed in the 2023 annual consolidated financial statements and described in these condensed consolidated interim financial statements. Actual results may differ from these estimates.

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

3. Material accounting policies

Unless otherwise noted in the condensed consolidated interim financial statements, the material accounting policies used in preparing these condensed consolidated interim financial statements are unchanged from those disclosed in the Company's 2023 annual consolidated financial statements and have been applied consistently to all periods presented in these condensed consolidated interim financial statements.

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

Recent accounting pronouncements not yet adopted:

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

4. Business acquisitions

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

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

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

The gross contractual amounts of acquired receivables was $23; however, the Company has recorded an allowance of $nil as part of the acquisition accounting to reflect contractual cash flows that are not expected to be collected.

Due to the complexity and timing of this acquisition, the Company is in the process of determining and finalizing the estimated fair value of the net assets acquired. The amounts determined on a provisional basis generally relate to net asset assessments and measurement of the assumed liabilities. The provisional purchase price allocations may differ from the final purchase price allocations, and these differences may be material. Revisions to the allocations will occur as additional information about the fair value of assets and liabilities becomes available.

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

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

Assets acquired:		
Cash	$	1
Accounts receivable		23
Other current assets		34
Property and equipment		66
Right of use assets		4
Other non-current assets		0
Technology assets		39
Customer assets		131
		298
Liabilities assumed:		
Current liabilities		21
Deferred revenue		4
Long-term lease obligations		2
Other non-current liabilities		4
		33
Goodwill		18
Total consideration	**$**	**283**

The acquisition of Public Safety Businesses contributed revenue of $66 and net income of $8 for the nine-month period ended September 30, 2024. If this acquisition had occurred on January 1, 2024, the Company estimates that pro-forma consolidated revenue and pro-forma consolidated net income would have been $7,410 and $451 compared to the actual amounts reported in the condensed consolidated interim statement of income (loss) for period ended September 30, 2024.

(b) During the nine-month period ended September 30, 2024, the Company completed a number of additional acquisitions for aggregate cash consideration of $697 plus cash holdbacks of $141 and contingent consideration with an estimated acquisition date fair value of $60. The total consideration resulting from the additional acquisitions in the nine-month period ended September 30, 2024 was $898. The contingent consideration is payable on the achievement of certain financial targets in the post-acquisition periods. The obligation for contingent consideration for acquisitions during the nine-month period ended September 30, 2024 has been recorded at its estimated fair value at the various acquisition dates. The estimated fair value of the applicable contingent consideration is calculated using the estimated financial outcome and resulting expected contingent consideration to be paid and inclusion of a discount rate as appropriate. For these arrangements, which include both maximum, or capped, and unlimited contingent consideration amounts, the estimated increase to the initial consideration is not expected to exceed $90 at the time of the acquisition. Aggregate contingent consideration of $175 (December 31, 2023 - $192) has been reported in the condensed consolidated interim statement of financial position at its estimated fair value relating to applicable acquisitions completed in the current and prior periods. Changes made to the estimated fair value of contingent consideration are included in other, net in the condensed consolidated interim statements of income (loss). Income of $4 and an expense of $12 has been recorded for the three and nine months ended September 30, 2024, as a result of such changes (expense of $3 and income of $8 for the three and nine months ended September 30, 2023).

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

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

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

The gross contractual amounts of acquired receivables from the additional acquisitions was $74; however, the Company has recorded an allowance of $3 as part of the acquisition accounting to reflect contractual cash flows that are not expected to be collected.

Due to the complexity and timing of certain acquisitions made, the Company is in the process of determining and finalizing the estimated fair value of the net assets acquired as part of the acquisitions closed during 2024 and the last quarter of 2023. The amounts determined on a provisional basis generally relate to net asset assessments and measurement of the assumed liabilities, including acquired contract liabilities. The provisional purchase price allocations may differ from the final purchase price allocations, and these differences may be material. Revisions to the allocations will occur as additional information about the fair value of assets and liabilities becomes available. The cash consideration associated with these provisional estimates (including individually significant acquisitions) totals $1,247.

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

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

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

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

(d) The chart below outlines the significant measurement period adjustments and adjustments to estimated holdback payables on prior year acquisitions which have been reflected on the condensed consolidated interim statement of financial position as of December 31, 2023 and September 30, 2023. CSI also adjusted the condensed consolidated interim statement of income (loss) for the period ending September 30, 2023 for an increase of $49 to the bargain purchase gain associated with measurement period adjustments recorded in the three months ended December 31, 2023 relating to an acquisition which closed in the nine months ended September 30, 2023.

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

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

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

5. Other assets and other non-current liabilities

(a) Other assets

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

(b) Other non-current liabilities

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

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

6. Intangible Assets

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

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

7. Debt with recourse to CSI

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

CSI Facility

On January 31, 2024, the Company completed an amendment and restatement of its existing credit facility agreement (the “CSI Facility”). The facility limit has been increased from $840 to $1,085, with a syndicate of existing and new institutions. The agreement has also moved from a secured to an unsecured facility structure, which continues to be available for general corporate purposes including acquisitions and working capital. The CSI Facility is guaranteed by certain subsidiaries of the Company. The CSI Facility bears a variable interest rate with no fixed repayments required over the term to maturity. Interest rates are calculated at standard U.S. and Canadian reference rates plus interest rate spreads based on a leverage table. The CSI Facility contains standard events of default which if not remedied within a cure period would trigger the repayment of any outstanding balance. As at September 30, 2024, $nil (December 31, 2023 – $578) had been drawn from this credit facility, and letters of credit totaling $13 (December 31, 2023 - $13) were issued, which limits the borrowing capacity on a dollar-for-dollar basis. CSI accounted for the January 31, 2024 amendment as an extinguishment under IFRS and as a result, all previously capitalized transactions costs were written-off during the three months ended March 31, 2024.

Senior Notes

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

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

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

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

Any time after January 5, 2021, any member of the Joday Group has the right, at their option, to sell any number of its Topicus Coop Units to CSI at a cash price per Topicus Coop Unit determined in accordance with the IRGA. Upon the exercise of such option by a member of the Joday Group, CSI will be obligated to purchase 33.33% of such Topicus Coop Units within 30 days, and an additional 33.33% on each of the first and the second anniversary of such initial purchase. Notwithstanding the foregoing, CSI can offer Topicus the right to purchase such Topicus Coop Units in lieu of CSI.

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

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

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

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

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

The Company has continued to classify the above obligations of CSI under the terms of the IRGA as a liability. The main valuation driver in such calculation is the maintenance and other recurring revenue of Topicus. Maintenance and recurring revenue of Topicus for the trailing twelve months on a pro-forma basis determined at the end of the current reporting period was used as the basis for valuing the interests at each redemption date. Any increase or decrease in the value of such liability is recorded as an expense or income in the condensed consolidated interim statements of income (loss) for the period.

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

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

Debentures

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

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

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

The interest rate from and including:

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

Subsequent from and including March 31, 2025 to but excluding the Maturity Date, the interest rate applicable to the Debentures will be reset on an annual basis on March 31 of each year, at a rate equal to the annual average percentage change in the All-items Consumer Price Index during the 12-month period ending on December 31 in the prior year (which amount may be positive or negative) plus 6.5%. Notwithstanding the foregoing, the interest rate applicable to the debentures will not be less than 0%. The Company may, subject to certain approvals, elect the Payment in Kind election ("PIK Election"), in lieu of paying interest in cash, to satisfy all or any portion of its interest obligation payable on an interest payment date by issuing to each Debenture holder PIK Debentures equal to the amount of the interest obligation to be satisfied. The PIK Debentures will have the same terms and conditions as the Debentures and will form part of the principal amount of the Debentures. If, on any interest payment date, the Company fails to pay the amount of interest owing on the Debentures in full in cash, the Company will not (A) declare or pay dividends of any kind on the Common Shares, nor (B) participate in any share buyback or redemption involving the Common Shares, until the date on which the Company pays such interest (or the unpaid portion thereof) in cash to holders of the Debentures; however, where the Company has issued PIK Debentures in respect of all or a portion of the amount of interest owing on the Debentures on an interest payment date, the Company may resume declaring or paying dividends of any kind on the Common Shares and participating in any share buyback or redemption involving the Common Shares beginning on the next earlier of (i) the interest payment date of which the Company pays the amount of interest owing on the Debentures in full in cash and (ii) the date on which the Company repays all amounts owing under the PIK Debenture. All payments in respect of the Debentures will be subordinated in right of payment to the prior payment in full of all senior indebtedness of the Company.

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

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

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

Term Loan

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

8. Debt without recourse to CSI

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

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

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

Debt without recourse to CSI comprises the following:

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

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

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

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

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

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

9. Redeemable Preferred Securities

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

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

10. Provisions

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

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

11. Income taxes

Income tax expense is recognized based on management's best estimate of the actual income tax rate for the interim period applied to the pre-tax income of the interim period for each entity in the consolidated group. As a result of foreign exchange fluctuations, acquisitions and ongoing changes due to intercompany transactions amongst entities operating in different jurisdictions, the Company has determined that a reasonable estimate of a weighted average annual tax rate cannot be determined on a consolidated basis. The Company's consolidated effective tax rate in respect of continuing operations for the three and nine months ended September 30, 2024 was 31% and 31% (23% and 50% for the three and nine months ended September 30, 2023). The 2024 year to date and 2023 effective tax rates were impacted by the redeemable preferred securities expense, which is not deductible for tax purposes.

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

Constellation is subject to tax audits in the countries in which the Company does business globally. These tax audits could result in additional tax expense in future periods relating to historical filings. Reviews by tax authorities generally focus on, but are not limited to, the validity of the Company's intercompany transactions, including financing and transfer pricing policies which generally involve subjective areas of taxation and a significant degree of judgment. If any of these tax authorities are successful with their challenges, the Company's income tax expense may be adversely affected and Constellation could also be subject to interest and penalty charges.

12. Capital and other components of equity

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

Dividends and other distributions to shareholders

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

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

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

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

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

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

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

14. Earnings per share

Basic and diluted earnings per share

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

15. Financial instruments

Fair values versus carrying amounts

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

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

Fair value hierarchy

The table below analyzes financial instruments carried at fair value, by valuation method.

- level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2 inputs are inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- level 3 inputs are inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

In the table below, the Company has segregated all financial assets and liabilities that are measured at fair value into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date.

Financial assets and financial liabilities measured at fair value as at September 30, 2024 and December 31, 2023 in the condensed consolidated interim financial statements are summarized below. The Company has no additional financial liabilities measured at fair value after initial recognition other than those recognized in connection with business combinations and the redeemable preferred securities.

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

There were no transfers of fair value measurement between level 1, 2 and 3 of the fair value hierarchy in the periods ended September 30, 2024 and December 31, 2023.

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

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

Contingent Consideration

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

Estimates of the fair value of contingent consideration are performed by the Company on a quarterly basis. Key unobservable inputs include revenue/profitability growth rates and the discount rates applied (7% to 11%). The estimated fair value increases as the annual revenue/profitability growth rate increases and as the discount rate decreases and vice versa.

Redeemable Preferred Securities

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

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

16. Contingencies

In the normal course of operations, the Company is subject to litigation and claims from time to time. The Company may also be subject to lawsuits, investigations and other claims, including environmental, labour, income and sales tax, product, customer disputes and other matters. Management believes that adequate provisions have been recorded in the accounts where required. Although it is not always possible to estimate the extent of potential costs, 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.

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

17. Changes in non-cash operating assets and liabilities

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

18. Non-controlling interests

Topicus:

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

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

Adapt IT:

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

Lumine:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19. Subsequent events

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

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