

TOPICUS.COM INC.

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

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

Unless otherwise indicated, all amounts are expressed in Euros. All references to "€" are to Euros. Due to rounding, certain totals and subtotals may not foot and certain percentages may not reconcile.

Additional information about Topicus.com Inc. (the "Company" or "Topicus") is available on SEDAR+ at www.sedarplus.ca.

Forward Looking Statements

Certain statements in this report may contain "forward looking" statements that involve risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company or industry to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Words such as "may", "will", "expect", "believe", "plan", "intend", "should", "anticipate" and other similar terminology are intended to identify forward looking statements. These statements reflect current assumptions and expectations regarding future events and operating performance as of the date of this MD&A, May 7, 2025. Forward looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to vary significantly from the results discussed in the forward looking statements, including, but not limited to, the factors discussed under "Risks and Uncertainties". Although the forward looking statements contained in this MD&A are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward looking statements. These forward looking statements are made as of the date of this MD&A and the Company assumes no obligation, except as required by law, to update any forward looking statements to reflect new events or circumstances. This report should be viewed in conjunction with the Company's other publicly available filings, copies of which can be obtained electronically on SEDAR+ at www.sedarplus.ca.

Non-IFRS Measures

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

Free cash flow available to shareholders "FCFA2S" refers to net cash flows from operating activities less interest paid on lease obligations, interest paid on other facilities, credit facility transaction costs, repayments of lease obligations, 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, primarily located in Europe. Generally, these businesses provide mission critical software solutions that address the specific needs of our customers in particular vertical markets. Our focus on acquiring businesses with growth potential, managing them well and then building them, has allowed us to generate significant cash flows and revenue growth during the past several years.

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

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

Results of Operations

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

	Three months ended March 31,		Period-Over-Period Change	
	2025	2024	€	%
Revenue	355.6	306.6	49.0	16%
Expenses	270.6	233.2	37.4	16%
Amortization of intangible assets	36.9	31.7	5.2	16%
Impairment of intangible and other non-financial assets	-	0.6	(0.6)	-100%
Bargain purchase (gain)	-	(0.3)	0.3	-100%
Finance and other (income) expenses	(5.3)	(0.5)	(4.8)	NM
Finance costs	6.2	5.5	0.7	13%
Income (loss) before income taxes	47.2	36.4	10.8	30%
Income tax expense (recovery)				
Current income tax expense (recovery)	17.3	15.1	2.2	15%
Deferred income tax expense (recovery)	(8.9)	(7.0)	(1.9)	27%
Income tax expense (recovery)	8.5	8.1	0.4	5%
Net income (loss)	38.8	28.3	10.5	37%
Equity holders of Topicus	24.7	18.1	6.7	37%
Non-controlling interests	14.0	10.2	3.8	37%
Net cash flows from operating activities	271.4	227.5	43.9	19%
Free cash flow available to shareholders	161.7	133.5	28.2	21%
Weighted average shares outstanding				
Basic	83.1	82.2		
Diluted	129.8	129.8		
Net income (loss) per share				
Basic	€ 0.30	€ 0.22	€ 0.08	35%
Diluted	€ 0.30	€ 0.22	€ 0.08	35%
Net cash flows from operating activities per share				
Basic	€ 3.27	€ 2.77	€ 0.50	18%
Diluted	€ 2.09	€ 1.75	€ 0.34	19%
Free cash flow available to shareholders per share				
Basic	€ 1.95	€ 1.62	€ 0.32	21%
Diluted	€ 1.95	€ 1.62	€ 0.32	21%

NM - Not meaningful

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

Diluted Free cash flow available to shareholders per share is calculated before deducting the amount attributable to non-controlling interests.

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

Revenue:

Total revenue for the quarter ended March 31, 2025 was €355.6 million, an increase of 16%, or €49.0 million, compared to €306.6 million for the comparable period in 2024. The increase is primarily attributable to growth from acquisitions as the Company experienced organic growth of 4% in the quarter. For acquired companies, organic growth is calculated as the difference between actual revenues achieved by each company in the financial period following acquisition compared to the estimated revenues they achieved in the corresponding financial period preceding the date of acquisition by the Company. Organic growth is not a standardized financial measure and might not be comparable to measures disclosed by other issuers.

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

	Three months ended March 31,		Period-Over-Period Change		Q124 Proforma Adj. (Note 1)	Organic Growth
	2025	2024	€	%	€	%
(€ in millions, except percentages)						
Licenses	9.4	9.2	0.2	3%	0.4	-2%
Professional services	82.3	75.0	7.3	10%	8.7	-2%
Hardware and other	7.3	5.6	1.8	32%	2.6	-10%
Maintenance and other recurring	256.6	216.8	39.7	18%	25.2	6%
	355.6	306.6	49.0	16%	36.9	4%

€M - Millions of euros

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

Note 1: Estimated pre-acquisition revenues for the three months ended March 31, 2024 from companies acquired after December 31, 2023. (Obtained from unaudited vendor financial information.)

For comparative purposes the table below shows the quarterly organic growth as compared to the same period in the prior year by revenue type since Q1 2023. Note that the estimated revenues achieved by acquired companies in the corresponding financial period preceding the date of acquisition by the Company may be updated in the quarters following the quarter they were acquired resulting in slight variances to previously reported figures.

	Quarter Ended							
	Mar. 31 2023	Jun. 30 2023	Sep. 30 2023	Dec. 31 2023	Mar. 31 2024	Jun. 30 2024	Sep. 30 2024	Dec. 31 2024
Licenses	-12%	-7%	3%	-9%	14%	-11%	4%	15%
Professional services	8%	4%	4%	2%	-4%	-1%	-2%	4%
Hardware and other	-29%	-15%	-24%	11%	-8%	-19%	-4%	-4%
Maintenance and other recurring	9%	8%	11%	10%	8%	7%	7%	6%
Revenue	8%	6%	8%	7%	5%	4%	4%	5%

Expenses:

The following table displays the breakdown of our expenses:

	Three months ended March 31, Period-Over-Period Change			
	2025	2024	€	%
	(€ in millions, except percentages)			
Expenses				
Staff	197.9	173.1	24.8	14%
Hardware	4.1	4.6	(0.5)	-11%
Third party license, maintenance and professional services	28.4	23.4	5.1	22%
Occupancy	3.0	2.7	0.2	9%
Travel, telecommunications, supplies & software and equipment	14.6	12.0	2.6	22%
Professional fees	7.6	5.1	2.5	49%
Other, net	5.6	4.3	1.3	31%
Depreciation	9.4	8.0	1.4	17%
	270.6	233.2	37.4	16%

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

Overall expenses for the quarter ended March 31, 2025 increased 16%, or €37.4 million to €270.6 million, compared to €233.2 million during the same period in 2024. As a percentage of total revenue, expenses equalled 76% for the quarter ended March 31, 2025 and 76% for the comparable period in 2024.

Staff expense – Staff expenses increased 14% or €24.8 million for the quarter ended March 31, 2025 over the same period in 2024. Staff expense can be broken down into five key operating departments: Professional Services, Maintenance, Research and Development, Sales and Marketing, and General and Administrative. Included within staff expenses for each of the above five departments are personnel and related costs associated with providing the necessary services. The table below compares the period over period variances.

	Three months ended March 31, Period-Over-Period Change			
	2025	2024	€	%
	(€ in millions, except percentages)			
Professional services	47.3	43.1	4.1	10%
Maintenance	39.3	30.2	9.1	30%
Research and development	50.9	48.0	2.9	6%
Sales and marketing	18.5	15.9	2.6	16%
General and administrative	41.9	35.8	6.1	17%
	197.9	173.1	24.8	14%

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

The increase in staff expenses for the quarter ended March 31, 2025 compared to the same period in 2024 was primarily due to the growth in the number of employees as a result of acquisitions.

Hardware expenses – Hardware expenses decreased 11% or €0.5 million for the quarter ended March 31, 2025 over the comparable period in 2024 as compared with the 32% increase in hardware and other revenue for the same periods. Hardware margins for the quarter ended March 31, 2025 were 44% as compared to 17% for the comparable period in 2024.

Third party license, maintenance and professional services expenses – Third party license, maintenance and professional services expenses increased 22% or €5.1 million for the quarter ended March 31, 2025 over the same period in 2024. The increase is primarily due to third party license, maintenance and professional services expenses of acquired businesses.

Occupancy expenses – Occupancy expenses increased 9% or €0.2 million for the quarter ended March 31, 2025 over the same period in 2024. The increase is primarily due to the occupancy expenses of acquired businesses.

Travel, telecommunications, supplies & software and equipment expenses – Travel, telecommunications, supplies & software and equipment expenses increased 22% or €2.6 million for the quarter ended March 31, 2025 over the same period in 2024. The increase is primarily due to expenses relating to acquired businesses.

Professional fees – Professional fees increased 49% or €2.5 million for the quarter ended March 31, 2025 over the same period in 2024. The increase is primarily due to acquisition and tax advisory fees.

Other, net – Other expenses increased 31% or €1.3 million for the quarter ended March 31, 2025 over the same period in 2024. The following table provides a further breakdown of expenses within this category.

	Three months ended March 31,		Period-Over-Period Change	
	<u>2025</u>	<u>2024</u>	<u>€</u>	<u>%</u>
	(€ in millions, except percentages)			
Advertising and promotion	2.8	2.5	0.3	11%
Recruitment and training	3.2	2.7	0.4	17%
Bad debt expense	0.0	(0.4)	0.4	NM
R&D tax credits	(2.2)	(1.8)	(0.4)	20%
Contingent consideration	0.9	0.6	0.3	55%
Other expense, net	0.9	0.7	0.2	37%
	5.6	4.3	1.3	31%

NM - Not meaningful

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

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

Depreciation – Depreciation of property and equipment increased 17% or €1.4 million for the quarter ended March 31, 2025 over the same period in 2024. The increase is primarily due to the depreciation expense associated with acquired businesses.

Other Income and Expenses:

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

	Three months ended March 31,		Period-Over-Period Change	
	2025	2024	€	%
	(€ in millions, except percentages)			
Amortization of intangible assets	36.9	31.7	5.2	16%
Impairment of intangible and other non-financial assets	-	0.6	(0.6)	-100%
Bargain purchase (gain)	-	(0.3)	0.3	-100%
Finance and other (income) expenses	(5.3)	(0.5)	(4.8)	NM
Finance costs	6.2	5.5	0.7	13%
Income tax expense (recovery)	8.5	8.1	0.4	5%
	46.2	45.1	1.2	3%

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 16% or €5.2 million for the quarter ended March 31, 2025 over the same period in 2024. The increase in amortization expense is primarily attributable to an increase in the carrying amount of our intangible asset balance over the twelve-month period ended March 31, 2025 as a result of acquisitions completed during this twelve-month period.

Impairment of intangible and other non-financial assets – No impairment expense was recorded in the quarter ended March 31, 2025 compared to €0.6 million for the same period in 2024. The 2024 expense relates to a business that has been unable to achieve the goals established in its investment thesis.

Bargain purchase gain – No bargain purchase gain was recorded in the three months ended March 31, 2025 compared to €0.3 million for the same period in 2024, relating to an acquisition made in 2024. The gain resulted from the fact that the fair value of the separately identifiable assets and liabilities acquired exceeded the total consideration paid, principally due to the acquisition of certain assets that will benefit the Company that had limited value to the sellers.

Finance and other (income) expenses – Finance and other income for the three months ended March 31, 2025 was €5.3 million compared to €0.5 million for the same period in 2024. The following table provides a further breakdown of (income) expenses within this category.

(€ in millions)

	Three months ended March 31,	
	2025	2024
Share in net (income) loss of equity investee	(0.0)	(0.0)
Foreign exchange loss (gain)	0.3	0.1
(Increase) decrease in the fair value of derivative	(4.6)	-
Other finance costs (income)	(0.9)	(0.5)
Finance costs and other expenses (income)	(5.3)	(0.5)

The increase in the fair value of derivative relates to the Company entering into a binding agreement in respect of the acquisition of 12,318,863 treasury shares of Asseco Poland S.A. (“Asseco”). See Note 15 to the

Company's Unaudited Condensed Consolidated Interim Financial Statements for the three months ended March 31, 2025 for additional information.

Finance costs – Finance costs increased 13% or €0.7 million for the quarter ended March 31, 2025 over the same period in 2024. The following table provides a further breakdown of expenses within this category.

(€ in millions)

	Three months ended March 31,	
	2025	2024
Interest expense on debt	4.7	4.3
Interest expense on lease obligations	0.7	0.5
Amortization of debt related transaction costs	0.2	0.3
Share in net (income) loss of equity investee	0.6	0.5
Finance costs and other expenses (income)	6.2	5.5

The increase in interest expense on debt is primarily a result of an increase in the average debt outstanding in 2025 as compared to 2024.

Income taxes – We operate throughout Europe and we calculate our tax provision in each of the jurisdictions in which we conduct business. Our effective tax rate on a consolidated basis is, therefore, affected by the realization and anticipated relative profitability of our operations in those various jurisdictions, as well as different tax rates that apply and our ability to utilize tax losses and other credits. For the quarter ended March 31, 2025, income tax expense increased €0.4 million to €8.5 million compared to €8.1 million for the same period in 2024. Current tax expense has historically approximated our cash tax expense however the quarterly expense can sometimes fall outside of the annual range due to adjustments to prior period provisions. Current tax expense reflects gross taxes before the application of R&D tax credits which are classified as part of “Other, net” expenses in the consolidated statements of income. The Company's consolidated effective tax rate in respect of continuing operations for the three months ended March 31, 2025 was 18% (22% for the three months ended March 31, 2024).

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

Uncertainty over income tax treatments

The deductibility of the Company's employee bonus program is being challenged by the Dutch Tax Authorities for financial years 2016 and 2018 to date. The Company continues to believe in the merits of its tax filing position and, as such, has not recognized any provision in the consolidated financial statements. If the Company is ultimately unsuccessful, the additional tax expense including interest for the period from 2016 to March 31, 2025 would be up to approximately €6.2 million.

Pillar Two – Global minimum top-up tax

The Base Erosion and Profit Shifting (BEPS) 2.0 initiative is a significant reform of the international tax system led by the Inclusive Framework and the Organisation for Economic Co-operation and Development (OECD). This initiative includes a substantial change for large multinational groups with the “Pillar Two” proposal of a global minimum tax of 15%. Pillar Two legislation has been enacted or substantively enacted in certain

jurisdictions in which the Company operates. The legislation is effective for the Company's financial year beginning January 1, 2024. Based on the Company's assessment of the Pillar Two legislation, the impact to the Company's effective tax rate is not material. Effective tax rates in most of the jurisdictions in which the Company operates are above 15%.

Net Income (Loss) per Share:

Net income for the quarter ended March 31, 2025 increased €10.5 million to €38.8 million compared to €28.3 million for the same period in 2024. On a per share basis, this translated into net income per basic and diluted share of €0.30 in the quarter ended March 31, 2025 compared to €0.22 for the same period in 2024.

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

For the quarter ended March 31, 2025, CFO increased €43.9 million to €271.4 million compared to €227.5 million for the same period in 2024 representing an increase of 19%. Many of the businesses invoice customers for annual software maintenance fees in Q1 each year resulting in a disproportionate amount of cash being received in the first quarter as compared to the remaining three quarters.

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

For the quarter ended March 31, 2025, FCFA2S increased €28.2 million to €161.7 million compared to €133.5 million for the same period in 2024 representing an increase of 21%.

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

	Three months ended March 31,	
	2025	2024
	(€ in millions)	
Net cash flows from operating activities	271.4	227.5
Adjusted for:		
Interest paid on lease obligations	(0.7)	(0.5)
Interest paid on other facilities	(4.7)	(3.2)
Credit facility transaction costs	(0.1)	-
Payments of lease obligations	(6.8)	(5.8)
Property and equipment purchased	(2.9)	(2.7)
Interest and dividends received	0.3	-
	256.5	215.4
Less amount attributable to non-controlling interests	(94.8)	(81.9)
Free cash flow available to shareholders	161.7	133.5

Due to rounding, certain totals may not foot.

Quarterly Results

	Quarter Ended								
	Mar. 31 2023	Jun. 30 2023	Sep. 30 2023	Dec. 31 2023	Mar. 31 2024	Jun. 30 2024	Sep. 30 2024	Dec. 31 2024	Mar. 31 2025
Revenue	264.4	272.1	278.8	309.7	306.6	311.2	312.2	364.9	355.6
Net income	21.1	23.5	28.3	42.5	28.3	26.9	38.0	56.2	38.8
CFO	174.0	(15.4)	25.5	62.4	227.5	8.8	31.7	79.6	271.4
FCFA2S	101.1	(13.1)	6.5	28.9	133.5	(3.8)	10.4	36.6	161.7
Net income per share									
Basic	€ 0.17	€ 0.18	€ 0.22	€ 0.31	€ 0.22	€ 0.21	€ 0.28	€ 0.40	€ 0.30
Diluted	€ 0.17	€ 0.18	€ 0.22	€ 0.31	€ 0.22	€ 0.21	€ 0.28	€ 0.40	€ 0.30
CFO per share									
Basic	€ 2.12	-€ 0.19	€ 0.31	€ 0.76	€ 2.77	€ 0.11	€ 0.38	€ 0.96	€ 3.27
Diluted	€ 1.34	-€ 0.19	€ 0.20	€ 0.48	€ 1.75	€ 0.07	€ 0.24	€ 0.61	€ 2.09
FCFA2S per share									
Basic	€ 1.23	-€ 0.16	€ 0.08	€ 0.35	€ 1.62	-€ 0.05	€ 0.13	€ 0.44	€ 1.95
Diluted	€ 1.23	-€ 0.16	€ 0.08	€ 0.35	€ 1.62	-€ 0.05	€ 0.13	€ 0.44	€ 1.95
In millions of euros, except per share amounts									
Weighted average shares (in millions)									
Basic	81.9	81.9	81.9	81.9	82.2	82.9	82.9	83.1	83.1
Diluted	129.8	129.8	129.8	129.8	129.8	129.8	129.8	129.8	129.8

Many of the businesses invoice customers for annual software maintenance fees in Q1 each year resulting in a disproportionate amount of cash being received in the first quarter as compared to the remaining three quarters, otherwise we do not generally experience significant seasonality in our operating results from quarter to quarter. Our quarterly results may however 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, and gains or losses on the sale of financial and other assets.

Liquidity

	March 31, 2025	December 31, 2024	Variance
Cash	296.3	206.2	90.2
Topicus Revolving Credit Facility and current portion of term loans	258.9	225.7	33.2
Term and other loans	53.1	49.3	3.8
Debt	312.1	275.0	37.1
Cash less Debt	(15.8)	(68.9)	53.1

Cash flows from operations exceeded the net capital deployed on acquisitions plus dividends paid during the three months ended March 31, 2025. Cash increased by €90.2 million to €296.3 million at March 31, 2025 compared to €206.2 million at December 31, 2024 and debt increased by €37.1 million to €312.1 million at March 31, 2025 compared to €275.0 million at December 31, 2024.

Total assets increased €505.4 million, from €1,535.9 million at December 31, 2024 to €2,041.3 million at March 31, 2025. The increase in total assets is primarily due to the €90.2 million increase in cash and €313.4 million increase in equity securities. The increase in equity securities resulted from the Company's investment in Asseco.

Current liabilities increased €295.8 million, from €700.2 million at December 31, 2024 to €996.0 million at March 31, 2025. The increase is primarily due to the €33.2 million increase in the revolving credit facility, the €38.7 million increase in accounts payable and accrued liabilities, and the €212.1 million increase in deferred revenue.

Net Changes in Cash Flows

(€ in millions)

	Three months ended March 31, 2025	Three months ended March 31, 2024
Net cash provided by operating activities	271.4	227.5
Net cash from (used in) financing activities	25.1	(109.5)
Cash used in the acquisition of businesses	(45.7)	(40.8)
Cash obtained with acquired businesses	7.9	7.0
Net cash from (used in) other investing activities	(171.3)	(8.7)
Net cash from (used in) investing activities	(209.1)	(42.4)
Effect of foreign currency	2.4	(0.1)
Net increase (decrease) in cash and cash equivalents	89.9	75.5

The net cash flows from operating activities were €271.4 million for the three months ended March 31, 2025. The €271.4 million provided by operating activities resulted from net income of €168.4 million less €74.7 million of adjustments to net income (primarily amortization of intangible assets, depreciation, finance and other income, finance costs and income tax expense) and €189.5 million generated from non-cash operating working capital offset by €11.8 million in taxes paid.

The net cash flows from financing activities for the three months ended March 31, 2025 were €25.1 million, which is mainly a result of the €37.4 million net increase in bank indebtedness offset by the €6.8 million of lease obligations and €5.4 million of interest paid.

The net cash flows used in investing activities for the three months ended March 31, 2025 were €209.1 million. The cash used in investing activities was primarily due to the €168.0 million investment in Asseco equity securities, plus acquisitions for an aggregate of €45.7 million (including payments for holdbacks relating to prior acquisitions) offset by €7.9 million of acquired cash.

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

Related Parties

Transactions with related parties are assumed when a relationship exists between the Company and a natural person or entity that is affiliated with the Company. This includes, amongst others, the relationship between the Company and its subsidiaries, significant shareholders, directors, key management personnel, certain companies affiliated with key management personnel, and companies that are under common control of our controlling shareholder, Constellation Software Inc. (“CSI”). Transactions are transfers of resources, services or obligations, regardless of whether anything has been charged.

Transactions with CSI

The Company pays management fees to CSI (included within “Other, net” expenses) and reimburses CSI for certain expenses paid on behalf of the Company. Furthermore, CSI reimburses the Company for certain salary expenses incurred by the Company on behalf of CSI. The net payments made by the Company to CSI for management fees and reimbursements of expenses during the three months ended March 31, 2025 was €0.9 million (€1.0 million for the three months ended March 31, 2024). The Company expensed management fees of €0.7 million for the three months ended March 31, 2025 (€0.6 million for the three months ended March 31, 2024).

The ending payable balance to CSI (included within “Accounts payable and accrued liabilities”) as at March 31, 2025 was €9.3 million (December 31, 2024 – €1.1 million).

Transactions with other entities under the control of CSI

The Company also provides professional services to other entities under the control of CSI. The total amount of revenue recognized during the three months ended March 31, 2025 (included within “Professional services revenue”) relating to such arrangements was €2.3 million (€1.9 million for the three months ended March 31, 2024). The ending receivable balance (included within “Accounts receivable”) as at March 31, 2025 relating to these arrangements was €1.4 million (December 31, 2024 – €1.2 million).

During the period, CSI provided insurance related services to the Company. The total insurance expense recognized for the three months ended March 31, 2025 was €0.004 million (included within “Professional Fees”) (nil for the three months ended March 31, 2024) and the associated prepaid expense balance at March 31, 2025 was €0.1 million (included within “Other Assets”) (December 31, 2024 – €0.1 million).

Transactions with Vela Software Group and CSI in conjunction with the acquisition of GeoSoftware and Geoactive

During the three months ended March 31, 2025, two of the Company’s business units, GeoSoftware and Geoactive, reimbursed the Vela Software Group (“Vela”) and CSI for certain expenses primarily related to salaries and benefits incurred by Vela and CSI on behalf of GeoSoftware and Geoactive. The total expenses reimbursed for the three months ended March 31, 2025 was €0.6 million (€0.8 million for the three months ended March 31, 2024). The amount payable as at March 31, 2025 relating to these amounts was €0.6 million (included within “Accounts payable and accrued liabilities”) (December 31, 2024 – €0.4 million).

During 2023, Vela, an operating group that is owned and controlled by CSI, provided a loan to the Company in the amount of US\$2.0 million (€1.8 million). The loan is non-interest bearing, may be repaid by the Company at any time and matures in 2029. The Company is required to make annual principal payments in the amount of US\$0.3 million. The long-term portion of the loan is included within “Other Liabilities” and the short-term portion of the loan is included within “Accounts Payable and Accrued Liabilities”.

Non-controlling interests

The Company's non-controlling interest at March 31, 2025 is associated with Topicus Coop, an entity domiciled in the Netherlands and certain subsidiaries of Topicus Coop. Topicus Coop's common equity consists of Topicus Coop Ordinary Units. As at March 31, 2025 there were 129,841,818 Topicus Coop Ordinary Units outstanding, which were held by Topicus Coop's unitholders as follows:

- Topicus: 83,068,873 Topicus Coop Ordinary Units, representing 63.98% equity ownership.
- CSI: 188,953 Topicus Coop Ordinary Units, representing 0.15% equity ownership.
- Joday Group: 38,148,221 Topicus Coop Ordinary Units, representing 29.38% equity ownership.
- Ijssel Group: 8,435,771 Topicus Coop Ordinary Units, representing 6.49% equity ownership.

All of the Topicus Coop Ordinary Units held by CSI, the Joday Group and the Ijssel Group (collectively the "Topicus Coop Exchangeable Units") are exchangeable, directly or indirectly, for subordinate voting shares of the Company. The Topicus Coop Exchangeable Units comprise non-controlling interests in Topicus Coop.

Topicus Coop also has certain subsidiaries that are not owned 100% by Topicus Coop and have a non-controlling interest. In 2021, the Company acquired a 60% interest in GeoSoftware, the remaining 40% is owned by Vela. GeoSoftware is domiciled primarily in Europe and North America. On May 16, 2022, the Company also acquired a controlling interest of 72.68% in Sygnity S.A., a company based in Poland. The remaining 27.32% represents non-controlling interest. On July 1, 2022, the Company acquired a controlling interest of 60% in Geoactive, the remaining 40% is owned by Vela. Geoactive is domiciled in Scotland.

Summarized balance sheet and financial information relating to the non-controlling interest is included in Note 18 to the Company's Unaudited Condensed Consolidated Interim Financial Statements for the three months ended March 31, 2025.

Capital Resources and Commitments

Credit Facility

On June 3, 2024, a subsidiary of the Company amended the existing credit facility (the "Credit Facility") with a number of European financial institutions. Under the amended facility, the Company is able to borrow up to €700 million under a multicurrency revolving loan facility. The Credit Facility matures on October 28, 2029. The Credit Facility bears interest at a rate calculated at EURIBOR plus interest rate spreads based on a leverage table. The Credit Facility is collateralized by some of the more material assets owned by the Company and its subsidiaries, except for the entities securing amounts outstanding under the "Term Loans" defined below. The Credit Facility contains standard events of default which if not remedied within a cure period would trigger the repayment of any outstanding balance. As at March 31, 2025, €250.0 million had been drawn from the Credit Facility. Transaction costs associated with the Credit Facility are being amortized through profit or loss using the effective interest rate method.

Term Loans

Certain of the Company's subsidiaries have entered into term debt facilities ("Term Loans") with various financial institutions. Topicus 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.

The Term Loans comprise the following:

(€ in millions)	March 31, 2025	December 31, 2024
Principal outstanding (and equal to fair value)	65.1	58.1
Deduct: Carrying value of transaction costs included in debt balance	(0.7)	(0.6)
Carrying value	64.4	57.5
Current portion	11.2	8.2
Non-current portion	53.1	49.3

The annual minimum repayment requirements for the Term Loans are as follows:

(€ in millions)	
Year	Amount
2025	10.0
2026	13.2
2027	7.3
2028	6.2
2029	26.7
2030	1.7
	65.1

Other Commitments

Commitments include 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 €29.6 million at March 31, 2025. On January 31, 2025, the Company purchased 8,300,029 shares in Asseco representing approximately 9.99% of the issued shares in Asseco. The Company has made an irrevocable election at the time of initial recognition to present subsequent changes in fair value in other comprehensive income (“FVOCI”). The Company designated the Asseco investment as equity securities at FVOCI because the investment in Asseco represents an investment that the Company intends to hold for the long term. During the three months ended March 31, 2025, the Company recorded a gain of €145.5 million within other comprehensive income reduced by transaction costs of €1.7 million. The investment in Asseco has been classified as a non-current asset as at March 31, 2025 within “equity securities”. As mentioned in the “Finance and other (income) expenses” section above, the Company has entered into a binding agreement in respect of the acquisition of 12,318,863 treasury shares of Asseco, which is a derivative under IFRS Accounting Standards. The fair value of this derivative recorded in our statement of financial position was €4.6 million at March 31, 2025. Aside from the aforementioned, we do not have any other business arrangements, derivative financial instruments, or any equity interests in non-consolidated entities that would have a significant effect on our assets and liabilities as at March 31, 2025.

Off-Balance Sheet Arrangements

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

Proposed Transactions

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

Members' Equity of Topicus Coop and Share Capital of Topicus

As at May 7, 2025, there were 129,841,818 ordinary units of Topicus Coop outstanding.

As at May 7, 2025, there were 83,068,873 subordinate voting shares and 1 super voting share of Topicus outstanding.

The super voting share is convertible into a subordinate voting share on a one-for-one basis. In addition, certain ordinary units of Topicus Coop are, directly or indirectly, exchangeable for subordinate voting shares of Topicus on a one-for-one basis. As a result, an additional 46,772,946 subordinate voting shares of Topicus would be issuable upon the exercise of these conversion/exchange rights. On a fully-diluted basis, there would be 129,841,819 subordinate voting shares issued and outstanding.

For more information on the capital structure of Topicus, including additional details regarding the terms and conditions relevant to the subordinate voting shares and the super voting share of Topicus and the ordinary units of Topicus Coop, see Topicus' final long form prospectus dated December 18, 2020, which is available on SEDAR+ at www.sedarplus.ca.

Risks and Uncertainties

The Company's business is subject to a number of risk factors which are described in the final prospectus of Topicus dated December 18, 2020. 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.

Subsequent events

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

Subsequent to March 31, 2025 the Company completed or has open commitments to acquire a number of businesses for aggregate cash consideration of €207.7 million on closing plus total estimated deferred payments of €31.6 million for total consideration of €239.3 million. The business acquisitions operate in the telecommunications, healthcare, local government, enterprise resource management, craftsman and retail verticals and are all software companies similar to the existing business of the Company.