Consolidated Financial Statements
(In euros)

Topicus.com Inc.

For the years ended December 31, 2021 and 2020

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Topicus.com Inc.

Opinion

We have audited the consolidated financial statements of Topicus.com Inc. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2021 and December 31, 2020
- the consolidated statements of income (loss) for the years then ended
- the consolidated statements of comprehensive income (loss) for the years then ended
- the consolidated statements of changes in shareholders' equity (deficiency) for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2021 and December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditors' report is Samir Kabbani.

Toronto, Canada
February 8, 2022

Topicus.com Inc.

Consolidated Statements of Financial Position

(In thousands of euros, except per share amounts. Due to rounding, numbers presented may not foot.)

	December 31, 2021	December 31, 2020
Assets		
Current assets:		
Cash	75,326	55,635
Accounts receivable (note 26)	70,725	46,644
Unbilled revenue	32,592	12,609
Inventories	570	375
Other assets (note 5)	21,776	14,461
	200,989	129,724
Non-current assets:		
Property and equipment (note 6)	15,326	8,782
Right of use assets (note 7)	54,382	50,517
Deferred income taxes (note 15)	6,831	1,946
Other assets (note 5)	6,655	3,956
Intangible assets (note 8)	744,136	446,213
	827,330	511,415
Total assets	1,028,319	641,139
Liabilities and Shareholders' Equity		
Current liabilities:		
Revolving credit facility and current portion of term loans (note 9 and 10)	46,489	19,482
Loan from CSI (note 26)	29,116	-
Redeemable preferred securities (note 11)	66,614	-
Accounts payable and accrued liabilities (note 26)	135,993	97,386
Deferred revenue	82,179	59,721
Provisions (note 12)	1,893	1,222
Acquisition holdback payables	8,876	12,601
Lease obligations	16,234	13,953
Income taxes payable (note 14)	11,400	12,576
	398,794	216,941
Non-current liabilities:		
Term loans (note 10)	96,113	32,572
Deferred income taxes (note 15)	125,004	79,958
Acquisition holdback payables	945	608
Lease obligations	38,955	37,154
Other liabilities (note 5)	12,877	9,225
	273,893	159,518
Total liabilities	672,687	376,459
Shareholders' Equity:		
Preferred shares (note 11)	2,047,473	-
Capital stock (note 16)	39,412	39,412
Other equity	(1,009,996)	-
Accumulated other comprehensive income (loss)	(380)	(1,409)
Retained earnings (deficit)	(1,782,113)	138,572
Non-controlling interests (note 27)	1,061,236	88,106
	355,632	264,680
Subsequent events (note 28)		
Total liabilities and shareholders' equity	1,028,319	641,139

See accompanying notes to the consolidated financial statements.

Topicus.com Inc.

Consolidated Statements of Income (Loss)
(In thousands of euros, except per share amounts. Due to rounding, numbers presented may not foot.)

	Years ended December 31, 2021	2020
Revenue		
License	26,709	14,395
Professional services	196,565	119,522
Hardware and other	6,189	6,192
Maintenance and other recurring	513,078	353,877
	742,541	493,986
Expenses		
Staff	398,171	254,694
Hardware	2,985	2,986
Third party license, maintenance and professional services	72,027	45,515
Occupancy	5,665	3,298
Travel, telecommunications, supplies, software and equipment	20,383	12,888
Professional fees	12,956	9,485
Other, net	6,788	4,675
Depreciation (note 6 and 7)	24,603	18,703
Amortization of intangible assets (note 8)	85,060	50,381
	628,640	402,626
Redeemable preferred securities expense (income) (note 11)	2,302,185	-
Impairment of intangible and other non-financial assets (note 8)	1,600	-
Finance and other expenses (income) (note 17)	10,748	6,347
	2,314,533	6,347
Income (loss) before income taxes	(2,200,632)	85,013
Current income tax expense (recovery)	39,494	28,961
Deferred income tax expense (recovery)	(17,894)	(7,632)
Income tax expense (recovery)	21,600	21,329
Net income (loss)	(2,222,233)	63,684
Net income (loss) attributable to:		
Equity holders of Topicus (note 27)	(1,884,042)	42,485
Non-controlling interests (note 27)	(338,191)	21,199
Net income (loss)	(2,222,233)	63,684
Weighted average shares (note 18)		
Basic shares outstanding	63,318,650	39,412,386
Diluted shares outstanding	129,681,740	118,156,055
Earnings (loss) per common share of Topicus (note 18)		
Basic	(30.16)	1.08
Diluted	(30.16)	0.54

See accompanying notes to the consolidated financial statements.

Topicus.com Inc.

Consolidated Statements of Comprehensive Income (Loss)
(In thousands of euros, except per share amounts. Due to rounding, numbers presented may not foot.)

	Years ended December 31, 2021	2020
Net income (loss)	(2,222,233)	63,684
Items that are or may be reclassified subsequently to net income (loss):		
Foreign currency translation differences from foreign operations and other	1,427	(1,398)
Other comprehensive (loss) income for the year, net of income tax	1,427	(1,398)
Total comprehensive income (loss) for the year	(2,220,806)	62,285
Total other comprehensive income (loss) attributable to:		
Equity holders of Topicus	635	(933)
Non-controlling interests	792	(465)
Total other comprehensive income (loss)	1,427	(1,398)
Total comprehensive income (loss) attributable to:		
Equity holders of Topicus	(1,883,407)	41,552
Non-controlling interests	(337,399)	20,733
Total comprehensive income (loss)	(2,220,806)	62,285

See accompanying notes to the consolidated financial statements.

Topicus.com Inc.

Consolidated Statement of Changes in Shareholders' Equity (Deficiency)
(In thousands of euros, except per share amounts. Due to rounding, numbers presented may not foot.)

Year ended December 31, 2021	Attributable to equity holders of Topicus							
	Preferred Shares	**Capital Stock**	**Other equity**	**Accumulated other comprehensive (loss) income**	**Retained earnings (Deficit)**	**Total**	**Non-controlling interests**	**Total equity**
Balance at January 1, 2021	**-**	**39,412**	**-**	**(1,409)**	**138,572**	**176,575**	**88,106**	**264,680**
Total comprehensive income (loss) for the year:								
Net income (loss)	-	-	-	-	(1,884,042)	(1,884,042)	(338,191)	(2,222,233)
Other comprehensive income (loss)								
Foreign currency translation differences from foreign operations and other	-	-	-	635	-	635	792	1,427
Total other comprehensive income (loss) for the year	**-**	**-**	**-**	**635**	**-**	**635**	**792**	**1,427**
Total comprehensive income (loss) for the year	**-**	**-**	**-**	**635**	**(1,884,042)**	**(1,883,407)**	**(337,399)**	**(2,220,806)**
Transactions with owners, recorded directly in equity								
Issuance of Topicus Coop Ordinary Units to non-controlling interests	-	-	9,770	127	-	9,896	(9,896)	-
Net acquisition of non-controlling interest associated with acquisitions and other movements	-	-	-	267	(218)	49	1,399	1,448
Issuance of redeemable preferred securities	-	-	(1,001,469)	-	-	(1,001,469)	(124,797)	(1,126,267)
Dividends to common shareholders of the Company (note 16)	-	-	-	-	(36,425)	(36,425)	(18,175)	(54,600)
Reclassification of redeemable preferred securities of Topicus from liabilities to preferred shares	2,073,205	-	-	-	-	2,073,205	-	2,073,205
Reclassification of redeemable preferred securities of Topicus Coop from liabilities to non-controlling interest	-	-	-	-	-	-	1,442,910	1,442,910
Exchange of Topicus Coop ordinary units held by non-controlling interests to subordinate voting shares of Topicus	-	-	(18,297)	-	-	(18,297)	18,297	-
Accrued dividends to preferred shareholders of Topicus recorded subsequent to the Notification of Conversion	(25,731)	-	-	-	-	(25,731)	-	(25,731)
Accrued dividends to preference unit holders of Topicus Coop recorded subsequent to the Notification of Conversion	-	-	-	-	-	-	(17,157)	(17,157)
Issuance of equity of a subsidiary in conjunction with the acquisition of Geosoftware (note 4)	-	-	-	-	-	-	17,950	17,950
Balance at December 31, 2021	**2,047,473**	**39,412**	**(1,009,996)**	**(380)**	**(1,782,113)**	**(705,604)**	**1,061,236**	**355,632**

See accompanying notes to the consolidated financial statements.

Topicus.com Inc.

Consolidated Statement of Changes in Shareholders' Equity (Deficiency)
(In thousands of euros, except per share amounts. Due to rounding, numbers presented may not foot.)

Year ended December 31, 2020

	Attributable to equity holders of Topicus							
	Preferred Shares	**Capital Stock**	**Other equity**	**Accumulated other comprehensive (loss) income**	**Retained earnings (deficit)**	**Total**	**Non-controlling interests**	**Total equity**
Balance at January 1, 2020	-	**39,412**	-	**(476)**	**96,087**	**135,022**	**67,372**	**202,395**
Total comprehensive income (loss) for the year:								
Net income (loss)	-	-	-	-	42,485	42,485	21,199	63,684
Other comprehensive income (loss)								
Foreign currency translation differences from foreign operations and other	-	-	-	(933)	-	(933)	(465)	(1,398)
Total other comprehensive income (loss) for the year	-	-	-	**(933)**	-	**(933)**	**(465)**	**(1,398)**
Total comprehensive income (loss) for the year	-	-	-	**(933)**	**42,485**	**41,552**	**20,733**	**62,285**
Balance at December 31, 2020	-	**39,412**	-	**(1,409)**	**138,572**	**176,575**	**88,106**	**264,680**

See accompanying notes to the consolidated financial statements.

Topicus.com Inc.

Consolidated Statements of Cash Flows

(In thousands of euros, except per share amounts. Due to rounding, numbers presented may not foot.)

	Years ended December 31,	
	2021	2020
Cash flows from (used in) operating activities:		
Net income (loss)	(2,222,233)	63,684
Adjustments for:		
Depreciation	24,603	18,703
Amortization of intangible assets	85,060	50,381
Redeemable preferred securities expense (income) (note 11)	2,302,185	-
Impairment of intangible and other non-financial assets (note 8)	1,600	-
Finance and other expenses (income)	10,748	6,347
Income tax expense (recovery)	21,600	21,329
Change in non-cash operating assets and liabilities		
exclusive of effects of business combinations (note 25)	(8,044)	11,209
Income taxes (paid) received	(39,098)	(19,787)
Net cash flows from (used in) operating activities	176,423	151,866
Cash flows from (used in) financing activities:		
Interest paid on lease obligations	(1,159)	(952)
Interest paid on other facilities	(7,875)	(4,643)
Increase (decrease) in revolving credit facility	25,000	(30,000)
Proceeds from issuance of term loans	67,227	-
Proceeds from issuance of loan from CSI (note 26)	28,362	-
Increase (decrease) in loan from Vela Software Group (note 26)	2,207	-
Contribution from Vela Software Group towards the acquisition of Geosoftware (note 4 and 26)	17,950	-
Repayments of term loans	(411)	-
Credit facility transaction costs	(2,548)	-
Payments of lease obligations	(17,459)	(13,776)
Repayment of shareholder loans	-	(647)
Dividends paid	(54,600)	-
Net cash flows from (used in) in financing activities	56,694	(50,018)
Cash flows from (used in) investing activities:		
Acquisition of businesses (note 4)	(241,507)	(85,390)
Cash obtained with acquired businesses (note 4)	19,929	19,690
Post-acquisition settlement payments, net of receipts	(15,061)	(7,011)
Receipt of additional subscription amount from the sellers of Topicus.com B.V. (note 4)	27,589	-
Interest, dividends and other proceeds received	1,010	870
Property and equipment purchased	(5,385)	(2,408)
Net cash flows from (used in) investing activities	(213,425)	(74,249)
Effect of foreign currency on		
cash and cash equivalents	0	0
Increase (decrease) in cash	19,692	27,599
Cash, beginning of period	55,635	28,036
Cash, end of period	75,326	55,635

See accompanying notes to the consolidated financial statements.

Notes to the consolidated financial statements

1. Reporting entity

Topicus.com Inc. ("Topicus" or “the Company”) was incorporated pursuant to the Business Corporations Act (Ontario) on September 10, 2020. The address of its registered office is 20 Adelaide Street East, Toronto, Ontario, Canada.

On January 4, 2021, Topicus completed a corporate reorganization (the “Combination”) pursuant to which it acquired a controlling interest in Topicus.com Coöperatief U.A. (“Topicus Coop”) (formerly named Constellation Software Netherlands Holding Coöperatief U.A. (“CSNH”)). Topicus Coop is an entity incorporated and domiciled in the Netherlands and, prior to the Combination, was controlled by Constellation Software Inc. (“CSI”), Topicus’ parent company and controlling shareholder. The Combination was completed between entities under common control and Topicus has recorded the Combination at carrying value of the net assets recorded in the financial statements of Topicus Coop. Topicus has amended its comparative financial information to reflect the Combination as if it had occurred before the start of the earliest period presented.

In conjunction with the Combination, Topicus issued 1 super voting share (the “Super Voting Share”), 39,412,385 preferred shares (the “Preferred Shares”) and 39,412,385 subordinate voting shares (the “Subordinate Voting Shares”) to CSI. CSI then distributed 39,412,367 Subordinate Voting Shares of Topicus to its shareholders pursuant to a dividend-in-kind previously declared. In addition, Topicus Coop issued 19,665,642 preference units (“Topicus Coop Preference Units”) and 19,665,642 ordinary units (“Topicus Coop Ordinary Units”) to Joday Investments II B.V. and certain individual investors affiliated therewith (being the previous minority owners of CSNH) (collectively known as the “Joday Group”). Topicus has reflected this capital reorganization as if it had occurred on the starting date of the earliest period presented for purposes of Topicus’ basic and diluted earnings per share calculation.

The consolidated financial statements of Topicus as at and for the years ended December 31, 2021 and December 31, 2020 comprise Topicus, Topicus Coop and its subsidiaries (together referred to as the "Company") and the Company's interest in associates. Topicus’ principal subsidiary is Topicus Coop and Topicus has a common equity interest of 62.40% in Topicus Coop with 37.60% being owned by the non-controlling interests.

On February 1, 2022, the Topicus Preferred Shares (note 11) and Topicus Coop Preferred Units (note 11) were converted to Topicus Subordinate Voting Shares and Topicus Coop Ordinary Units respectively. Subsequent to the conversion, Topicus will reflect an equity interest of 61.56% in Topicus Coop and a non-controlling interest of 38.44%.

The Company is engaged principally in the development, installation and customization of software and the provision of related professional services and support for customers across over 20 diverse markets primarily in Europe.

2. Basis of presentation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), issued and outstanding as of February 8, 2022, the date the board of directors approved such financial statements.

(b) Basis of measurement

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

(c) Functional and presentation currency

The consolidated financial statements are presented in euro, which is the Company’s functional currency.

(d) Use of estimates and judgements

The preparation of the consolidated 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. 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.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 3(k) - Revenue recognition
Note 3(a)(i) - Business combinations
Note 3(m) - Income taxes
Note 3(i) - Impairment
Note 3(d) - Intangible assets
Note 23 - Contingencies

Critical judgements that the Company has made in the process of applying accounting policies disclosed herein and that have a significant effect on the amounts recognized in the consolidated financial statements relate to the (i) assessment as to whether professional services in multiple-performance obligation arrangements are distinct of other performance obligations and determination of the estimated hours to complete customer contracts accounted for using the percentage of completion method; (ii) recognition of deferred tax assets; and (iii) recognition of provisions.

- The Company applies significant judgment to determine the estimated hours to completion which affects the timing of revenue recognized for professional services and non-distinct license and hardware. Estimated hours to completion are continually and routinely revised based on changes in the progress of customer contracts.

- Deferred tax assets - the recognition of deferred tax assets is based on forecasts of future taxable profit. The measurement of future taxable profit for the purposes of determining whether or not to recognize deferred tax assets depends on many factors, including the Company's ability to generate such profits and the implementation of effective tax planning strategies. The occurrence or non-occurrence of such events in the future may lead to significant changes in the measurement of deferred tax assets.

- Provisions - in recognizing provisions, the Company evaluates the extent to which it is probable that it has incurred a legal or constructive obligation in respect of past events and the probability that there will be an outflow of benefits as a result. The judgements used to recognize provisions are based on currently known factors which may vary over time, resulting in changes in the measurement of recorded amounts as compared to initial estimates.

The Company is closely monitoring the impact of COVID-19 on all aspects of its business. COVID-19 was declared a global pandemic by the World Health Organization on March 11, 2020. The COVID-19 pandemic has adversely impacted many of the Company’s business units’ operations to date. The future impacts of the pandemic and any resulting economic impact are largely unknown and rapidly evolving. It is possible that the COVID-19 pandemic, the measures taken by the governments of countries affected and the resulting economic impact may continue to adversely affect the Company’s results of operations, cash flows and financial position as well as its customers in future periods.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements unless otherwise indicated.

The significant accounting policies have been applied consistently by the Company‘s subsidiaries.

(a) Basis of consolidation

(i) Business combinations

Acquisitions have been accounted for using the acquisition method required by IFRS 3 Business Combinations. Goodwill arising on acquisitions is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, if any, less the net recognized amount of the estimated fair value of identifiable assets acquired and liabilities assumed (subject to certain exemptions to fair value measurement principles such as deferred tax assets or liabilities), all measured as of the acquisition date. When the consideration transferred is less than the estimated fair value of assets acquired and liabilities assumed, a bargain purchase gain is recognized immediately in the consolidated statements of income. Transaction costs that the Company incurs in connection with a business combination are expensed as incurred.

The Company uses its best estimates and assumptions to reasonably value assets and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, and these estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed with a corresponding offset to goodwill. Upon conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to profit or loss. For a given acquisition, the Company may identify certain pre-acquisition contingencies as of the acquisition date and may extend its review and evaluation of these pre-acquisition contingencies throughout the measurement period in order to obtain sufficient information to assess these contingencies as part of acquisition accounting, as applicable.

(ii) Consolidation methods

Entities over which the Company has control are fully consolidated from the date that control commences until the date that control ceases. Entities over which the Company has significant influence (investments in "associates") are accounted for under the equity method. Significant influence is assumed when the Company's interests are 20% or more, unless qualitative factors overcome this assumption.

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Investments in associates are recognized initially at cost, inclusive of transaction costs. The Company's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Company's share of the income and expenses and equity changes of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases.

(iii) Transactions eliminated on consolidation

Intra-company balances and transactions, and any unrealized income and expenses arising from intra-company transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency translation

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of subsidiaries of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-measured to the functional currency at the exchange rate at that date. Foreign currency differences arising on re-measurement are recognized through profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency gains and losses are reported in profit and loss on a net basis. The effect of currency translation adjustments on cash and cash equivalents is presented separately in the statements of cash flows and separated from investing and financing activities when deemed significant.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to euros at exchange rates at the reporting date. The income and expenses of foreign operations are translated to euros using average exchange rates for the month during which the transactions occurred. Foreign currency differences are recognized in other comprehensive income in the cumulative translation account; however, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interest when applicable.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which its substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income in the cumulative amount of foreign currency translation differences. If, and when, settlement plans change or are likely to occur, then the accounting process in (b)(i) above is applied.

When a foreign operation payable or receivable classified as a net investment is partially or fully disposed, the proportionate share of the cumulative amount in the translation reserve related to that foreign operation is transferred to profit or loss as part of the profit or loss on disposal. The Company has elected not to treat repayments of monetary items receivable or payable to a foreign operation as a disposition.

(c) Financial Instruments

The Company's financial instruments comprise cash, accounts receivable, Loan from CSI, Revolving Credit Facility, Term Loans, accounts payable and accrued liabilities, income taxes payable and holdback assets or liabilities on acquisitions.

Financial assets are recognized in the consolidated statement of financial position if the Company has a contractual right to receive cash or other financial assets from another entity. Financial assets, including accounts receivable, are derecognized when the rights to receive cash flows from the investments have expired or were transferred to another party and the Company has transferred substantially all risks and rewards of ownership.

Financial liabilities include the Loan from CSI, Revolving Credit Facility, Term Loans, accounts payable and accrued liabilities, income taxes payable and holdbacks on acquisitions. Financial liabilities are generally recognized initially at fair value, typically being transaction price, plus any directly attributable transaction costs and subsequently measured at amortized cost using the effective interest method. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Subordinate voting shares are classified as equity. Incremental costs directly attributable to the issue of shares are recognized as a deduction from equity, net of tax.

(d) Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. After initial recognition, goodwill is measured at cost less any accumulated impairment losses, with the carrying value being reviewed for impairment at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. No such losses relating to goodwill have been recognized during the year.

The impairment test methodology is based on a comparison between the higher of fair value less costs to sell and value-in-use of each of the Company's cash generating units (“CGU”) and the net asset carrying values (including goodwill). Within the Company's reporting structure, business units generally reflect the CGU. In determining the recoverable amount, the Company applies an estimated market valuation multiple to the business unit's most recent annual recurring revenues, which are generally derived from post-contract customer support revenues, transactional revenues, and hosted products revenues. Valuation multiples applied by the Company for this purpose reflect current market conditions specific to the business unit and are assessed for reasonability by comparison to the Company's current and past acquisition experience involving ranges of revenue-based multiples required to acquire representative software companies and the parent company's (Constellation Software Inc.) overall revenue based-trading multiple. In addition, in certain instances, the recoverable amount is determined using a value-in-use approach which follows the same valuation process that is undertaken for the Company's business acquisitions. An impairment is recognized if the carrying amount of a CGU exceeds its estimated recoverable amount. The recoverable amount for CGU's containing goodwill is estimated annually on December 31 of each year or whenever events or changes in circumstances indicate that the carrying value may be impaired.

(ii) Acquired intangible assets

The Company uses the income approach to value acquired technology and customer relationship intangible assets. The income approach is a valuation technique that calculates the estimated fair value of an intangible asset based on the estimated future cash flows that the asset can be expected to generate over its remaining useful life.

The Company utilizes the discounted cash flow ("DCF") methodology which is a form of the income approach that begins with a forecast of the annual cash flows that a market participant would expect the subject intangible asset to generate over a discrete projection period. The forecasted cash flows for each of the years in the discrete projection period are then converted to their present value equivalent using a rate of return appropriate for the risk of achieving the intangible assets' projected cash flows, again, from a market participant perspective. The present value of the forecasted cash flows are then added to the present value of the residual value of the intangible asset (if any) at the end of the discrete projection period to arrive at a conclusion with respect to the estimated fair value of the subject intangible assets.

Specifically, the Company relies on the relief-from-royalty method to value the acquired technology and the multiple-period excess earnings ("MEEM") method to value customer relationship assets.

The underlying premise of the relief-from-royalty method is that the fair value of the technology is equal to the cost savings (or the "royalty avoided") resulting from the ownership of the asset by the avoidance of paying royalties to license the use of the technology from another owner. Accordingly the income forecast reflects an estimate of a fair royalty that a licensee would pay, on a percentage of revenue basis, to obtain a license to utilize the technology.

The MEEM method isolates the cash flows attributable to the subject asset by utilizing a forecast of expected cash flows less the returns attributable to other enabling assets, both tangible and intangible.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost, being reflective of fair value, less accumulated amortization and impairment losses. Subsequent expenditures are capitalized only when it increases the future economic benefits that form part of the specific asset to which it relates and other criteria have been met. Otherwise all other expenditures are recognized in profit or loss as incurred.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are acquired and available for use, since this most closely reflects the expected usage and pattern of consumption of the future economic benefits embodied in the asset. To determine the useful life of the technology assets, the Company considers the length of time over which it expects to earn or recover the majority of the present value of the forecasted cash flows of the related intangible assets. The estimated useful lives for the current and comparative periods are as follows:

(In thousands of euros, except per share amounts and as otherwise indicated.)

Technology assets	2 to 10 years
Customer assets	2 to 20 years
Trademarks	2-20 years

Amortization methods, useful lives and the residual values are reviewed at least annually (or when there has been an indication of impairment) and are adjusted as appropriate.

(iii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalized only if the product or process is technically and commercially feasible, if development costs can be measured reliably, if future economic benefits are probable, if the Company intends to use or sell the asset and the Company intends and has sufficient resources to complete development. To date, no material development expenditures have been capitalized.

For the year ended December 31, 2021, EUR 99,281 (2020 – EUR 65,838) of research and development costs have been expensed in profit or loss. These costs are net of estimated investment tax credits, recognized as part of other, net expenses through profit or loss of EUR 5,600 for the year ended December 31, 2021 (2020 – EUR 3,574).

(e) Property and equipment

(i) Recognition and measurement

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes initial and subsequent expenditures that are directly attributable to the acquisition of the related asset. When component parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment, where applicable.

(ii) Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

The estimated useful lives for the current and comparative periods are as follows:

Asset	**Rate**
Computer hardware	3-5 years
Computer software	3-5 years
Furniture, equipment and vehicles	3-10 years
Leasehold improvements	5-10 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end or more frequently as deemed relevant and adjusted where appropriate.

(f) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out principle, and includes expenditures incurred in acquiring the inventories, production and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(g) Unbilled revenue

Unbilled revenue represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognized to date less progress billings and recognized losses, if any.

Unbilled revenue is presented in the statement of financial position for all contracts in which costs incurred plus recognized profits exceed progress billings. If progress billings exceed costs incurred plus recognized profits, then the excess is presented as deferred revenue in the statement of financial position.

(h) Other non-current liabilities

Other non-current liabilities consist principally of deferred revenue, provisions, shareholder loans and contingent consideration recognized in connection with business acquisitions to be settled in cash, which are discounted for measurement purposes.

(i) Impairment

(i) Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, or indications that a debtor or issuer will enter bankruptcy.

The Company considers evidence of impairment for receivables at both a specific and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired, together with receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories (which are addressed in note 3(f)) and deferred tax assets (which are addressed in note 3(m)), are reviewed at each reporting date (or more frequently if required) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated annually on December 31 of each fiscal year or whenever required.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the Company uses discounted cash flows which are determined using a pre-tax discount rate specific to the asset or CGU. The discount rate used reflects current market conditions including risks specific to the assets. Significant estimates within the cash flows include recurring revenue growth rates and operating expenses. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets, which for the Company's purposes is typically representative of the business unit level within the corporate and management structure. For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets (such as intangible assets and property and equipment) in the CGU (group of units) on a pro rata basis.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately and, therefore, is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

An impairment loss in respect of goodwill is not reversed. In respect of other non-financial assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been previously recognized.

(j) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the estimated future cash flows required to settle the present obligation, based on the most reliable evidence available at the reporting date. The estimated cash flows are discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The amortization of the discount is recognized as part of finance costs.

(k) Revenue recognition

Revenue represents the amount the Company expects to receive for products and services in its contracts with customers, net of discounts and sales taxes. The Company reports revenue under four revenue categories being, License, Hardware and other, Professional services, and Maintenance and other recurring revenue. Software license revenue is comprised of non-recurring license fees charged for the use of software products licensed under multiple-year or perpetual arrangements. 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. Professional service revenue consists of fees charged for implementation services, custom programming, product training and consulting. 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, and hosted products.

Contracts with multiple products or services

Typically, the Company enters into contracts that contain multiple products and services such as software licenses, hosted software-as-a-service, maintenance, professional services, and hardware. The Company evaluates these arrangements to determine the appropriate unit of accounting (performance obligation) for revenue recognition purposes based on whether the product or service is distinct from some or all of the other products or services in the arrangement. A product or service is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company's promise to transfer the good or service is separately identifiable from other promises in the contractual arrangement with the customer. Non-distinct products and services are combined with other goods or services until they are distinct as a bundle and therefore form a single performance obligation.

Where a contract consists of more than one performance obligation, revenue is allocated to each based on their estimated stand-alone selling price ("SSP").

Nature of products and services

The Company sells on-premise software licenses on both a perpetual and specified-term basis. Revenue from the license of distinct software is recognized at the time that both the right to use the software has commenced and the software has been made available to the customer. Certain of the Company's contracts with customers contain provisions that require the customer to renew optional support and maintenance in order to maintain the active right to use a perpetual or term license. The renewal payments after the initial bundled support and maintenance term in these cases apply to both the continued right to use the license and the support and maintenance renewal. Where the fees payable for the initial term are incremental to the fees for the renewal terms, the excess is treated as a prepayment for expected renewals and allocated (amortized) evenly over the expected customer renewals, up to the estimated life of the software that is typically 4-6 years.

Revenue from the license of software that involves complex implementation or customization that is not distinct, and/or includes sales of hardware that is not distinct, is recognized as a combined performance obligation using the percentage-of-completion method based primarily on labour hours. The percentage-of-completion method based on labour hours requires the Company to make significant judgments to determine the estimated hours to completion which affects the timing of revenue recognized.

A portion of the Company's sales, categorized as hardware and other revenue, are accounted for as product revenue. Product revenue is recognized when control of the product has transferred under the terms of an enforceable contract.

Revenue related to the customer reimbursement of travel related expenses incurred during a project implementation where the Company is the principal in the arrangement is included in the hardware and other revenue category. Revenue is recognized as costs are incurred which is consistent with the period in which the costs are invoiced. Reimbursable travel expenses incurred for which an invoice has not been issued are recorded as part of unbilled revenue on the statement of financial position.

Maintenance and other recurring revenue primarily consists of fees charged for customer support on software products post-delivery and also includes, to a lesser extent, recurring fees derived from software licenses that are not distinct from maintenance, transaction revenues, managed services, and hosted products.

Revenue from software-as-a-service (SaaS) arrangements, which allows customers to use hosted software over a term without taking possession of the software, are provided on a subscription basis. Revenue from the SaaS subscription, which includes the hosted software and maintenance, is recognized rateably over the term of the subscription. Significant incremental payments for SaaS in an initial term are recognized rateably over the expected renewal periods, up to the estimated life of the software.

Professional services revenue, including installation, implementation, training and customization of software, is recognized by the stage of completion of the performance obligation determined using the percentage of completion method noted above or as such services are performed as appropriate in the circumstances. The revenue and profit of fixed price contracts is recognized on a percentage of completion basis when the outcome of a contract can be estimated reliably. When the outcome of the contract cannot be estimated reliably but the Company expects to recover its costs, the amount of expected costs is treated as variable consideration and the transaction price is updated as more information becomes known.

The timing of revenue recognition often differs from contract payment schedules, resulting in revenue that has been earned but not billed. These amounts are included in unbilled revenue. Amounts billed in accordance with customer contracts, but not yet earned, are recorded and presented as part of deferred revenue.

Costs to Obtain a Contract

The Company allocates incremental costs to obtain a contract (which principally consists of commissions) to the various performance obligations to which they relate using the expected-based allocation (relative expected margins) for bundled costs. For those performance obligations that are expected to be renewed at the end of the initial period without a further commission (such as post-contract customer support), the Company has considered expected renewals over the life of the intellectual property when determining the expected margins from the arrangement. For performance obligations not delivered upfront, the allocated commissions are deferred and amortized over the pattern of transfer of the related performance obligation. For commissions allocated to term-based license arrangements and post-contract customer support, the amortization period is expected to be approximately 4-6 years. Capitalized costs to obtain a contract are included in other non-current assets on the consolidated balance sheet.

(l) Finance income and finance costs

Finance income comprises interest income, gains on the disposal of available-for-sale financial assets, and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognized as it accrues through profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, amortization of the discount on provisions, and impairment losses recognized on financial assets other than trade receivables. Transaction costs attributable to the Company's bank indebtedness are recognized in finance costs using the effective interest method.

(m) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected taxes payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but the Company intends to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits, difference in tax bases in the purchaser's tax jurisdiction and its cost as reported in the consolidated financial statements as a result of an intra-group transfer of assets and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(n) Investment tax credits

The Company is entitled to both non-refundable and refundable investment tax credits for qualifying research and development ("R&D") activities. Investment tax credits are included within "Other, net" for items of a period expense nature or as a reduction of property and equipment for items of a capital nature when the amount is reliably estimable and the Company has reasonable assurance regarding compliance with the relevant objective conditions and that the credit will be realized.

(o) Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. The operating results of all operating segments are reviewed regularly by the Company's CEO to make decisions about resources to be allocated to the segment and assessing their performance.

Following the guidance set out by IFRS 8, Operating Segments, the Company has determined that it has three operating segments. Each of the Company's operating segments operate essentially as "mini Topicus companies", conglomerates of small vertical market software companies with similar economic characteristics. Each operating segment CEO is focused on investing capital that generates returns at or above the investment hurdle rates set by the Company's head office and the board of directors. The Company aggregates operating segments into one reportable segment, consistent with the objective and basic principles of IFRS 8.

(p) Earnings per share

The Company presents basic and diluted earnings per share data for its subordinate voting shares. Basic earnings per share is calculated by dividing the profit or loss attributable to the subordinate voting shareholders of the Company by the weighted average number of subordinate voting shares outstanding during the period, adjusted for treasury shares held. Diluted earnings per share is determined by dividing the profit or loss attributable to the subordinate voting shareholders by the weighted average number of subordinate voting shares outstanding, adjusted for the effects of all dilutive potential shares.

(q) Short-term employee benefits

Short-term employee benefit obligations, including wages, benefits, incentive compensation, and compensated absences are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid and settled under the Company's employee incentive compensation plan if the Company has a legal or constructive obligation to pay this amount at the time bonuses are paid as a result of past service provided by the employee, and the obligation can be estimated reliably.

(r) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method, as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset can be periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

4. Business acquisitions

(a) On January 5, 2021, the Company acquired 100% of the shares of Topicus.com B.V. from Ijssel B.V. ("Ijssel"). The Company paid cash of EUR 133,600 to Ijssel. Furthermore, the Company issued 5,842,882 Topicus Coop Preference Units to Ijssel for an initial subscription price of EUR 83,800 plus an additional subscription amount of EUR 27,589 which was paid by Ijssel to the Company in May 2021. The Company also issued 5,842,882 Topicus Coop Ordinary Units to Ijssel. The aggregate total consideration totalled EUR 217,400.

Topicus.com B.V. is a Netherlands-based diversified vertical market software provider and primarily operates in the healthcare, finance, education, and social services markets and is a software business similar to existing businesses operated by the Company. The acquisition has been accounted for using the acquisition method with the results of operations included in these consolidated financial statements 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 Topicus.com B.V., synergies with existing businesses of the Company, and other intangible assets that do not qualify for separate recognition including assembled workforce. The goodwill is not expected to be deductible for income tax purposes.

The gross contractual amount of acquired receivables was EUR 6,735; however, the Company has recorded an allowance of EUR 382 as part of the acquisition accounting to reflect contractual cash flows that are not expected to be collected.

Due to the complexity of the acquisition, the Company is in the process of determining and finalizing the estimated fair value of the net assets acquired as part of the acquisition. 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.

(In thousands of euros, except per share amounts and as otherwise indicated.)

The impact of acquisition accounting applied on a provisional basis in connection with the acquisition of Topicus.com B.V. is as follows:

Assets acquired:	
Cash	11,551
Accounts receivable	6,353
Other current assets	10,218
Property and equipment	6,400
Other non-current assets	11,384
Deferred income taxes	2,752
Trademarks	19,400
Technology assets	102,100
Customer assets	87,600
	257,757
Liabilities assumed:	
Current liabilities	18,268
Deferred revenue	5,224
Deferred income taxes	52,275
Other non-current liabilities	9,675
	85,442
Non-controlling interest	2,300
Goodwill	47,384
Total consideration	**217,400**

The acquisition of Topicus.com B.V. contributed revenue of EUR 138,264 and a net loss of EUR 2,577 during the year ended December 31, 2021. If this acquisition had occurred on January 1, 2021, the Company estimates that pro-forma consolidated revenue and pro-forma consolidated net income (loss) would not have been materially different as compared to the actual amounts reported in the consolidated statement of income (loss) for the actual period.

(b) On October 1, 2021, the Company acquired the assets of the Geosoftware Business (“Geosoftware”) from CGG S.A. (“CGG”). Sixty per cent (60%) of Geosoftware is owned and controlled, by way of voting rights, by the Company, and the remaining 40% is owned by certain subsidiaries of the Vela Software Group (“Vela”), an operating group that is owned and controlled by Constellation Software Inc. The aggregate cash consideration paid to CGG was EUR 73,433 (including amounts paid by Vela and CSI) plus aggregate estimated cash holdbacks of EUR 5,248 and aggregate contingent consideration with an estimated acquisition date fair value of EUR 1,308, resulting in total aggregate consideration of EUR 79,989. The obligation for contingent consideration has been recorded at its estimated fair value at the acquisition date. 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. The aggregate contingent consideration is not expected to exceed EUR 4,409.

Geosoftware is a European and North American vertical market software provider that primarily operates in the oil and gas markets and is a software business similar to existing businesses operated by the Company. The acquisition has been accounted for using the acquisition method with the results of operations included in these consolidated financial statements 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 Geosoftware, synergies with existing businesses of the Company, and other intangible assets that do not qualify for separate recognition including assembled workforce. The goodwill is expected to be deductible for income tax purposes.

The gross contractual amount of acquired receivables was EUR 3,289; however, the Company has recorded an allowance of EUR 114 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 the acquisition, the Company is in the process of determining and finalizing the estimated fair value of the net assets acquired as part of the acquisition. 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.

(In thousands of euros, except per share amounts and as otherwise indicated.)

The impact of acquisition accounting applied on a provisional basis in connection with the acquisition of Geosoftware is as follows:

Assets acquired:	
Accounts receivable	3,174
Other current assets	2,005
Property and equipment	154
Technology assets	41,655
Customer assets	29,202
	76,190
Liabilities assumed:	
Current liabilities	864
Deferred revenue	5,628
Other non-current liabilities	35
	6,528
Goodwill	10,326
Total consideration	**79,989**

The acquisition of Geosoftware contributed revenue of EUR 12,034 and net income of EUR 3,178 during the year ended December 31, 2021. If this acquisition had occurred on January 1, 2021, the Company estimates that pro-forma consolidated revenue and pro-forma consolidated net income (loss) would have been EUR 766,609 and EUR (2,222,091) respectively as compared to the actual amounts reported in the consolidated statement of income (loss) for the actual period. In determining these amounts, the Company has assumed that the fair values of the net assets acquired that were estimated and accounted for on the date of acquisition would have been the same as if the acquisition had occurred on January 1, 2021. The net income from the acquisition includes the associated amortization of acquired intangible assets recognized as if the acquisition had occurred on January 1, 2021.

(c) During the year ended December 31, 2021, the Company completed additional acquisitions for aggregate cash consideration of EUR 34,474 plus cash holdbacks of EUR 4,066 and contingent consideration with an estimated acquisition date fair value of EUR 2,160 resulting in total consideration of EUR 40,699. The obligation for contingent consideration for acquisitions during the year ended December 31, 2021 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. The aggregate contingent consideration is not expected to exceed EUR 2,160.

Total contingent consideration (including Geosoftware and prior year acquisitions) of EUR 5,392 (December 31, 2020 – EUR 3,641) has been reported in the consolidated 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 consolidated statements of income. A recovery of EUR 1,461 has been recorded for the year ended December 31, 2021 as a result of such changes (recovery of EUR 35 for the year ended December 31, 2020).

None of the additional acquisitions completed during the year ended December 31, 2021 were deemed to be individually significant. All of the businesses acquired during the period were acquisitions of shares. The cash holdbacks are generally payable within a two-year period and are adjusted, as necessary, for such items as working capital or net tangible asset assessments, as defined in the purchase and sale agreements, and claims under the respective representations and warranties of the purchase and sale agreements.

The acquisitions during the year ended December 31, 2021 include software companies catering to the following markets: healthcare, church and religion, public libraries, publishing, elevator, local government, call centres, real estate brokers and agents, third party logistics warehouse management systems and education, all of which are software businesses similar to existing businesses operated by the Company. The acquisitions have been accounted for using the acquisition method with the results of operations included in these consolidated financial statements from the date of each acquisition.

The goodwill recognized in connection with these additional acquisitions is primarily attributable to the application of the Company's best practices to improve the operations of the companies acquired, other intangible assets that do not qualify for separate recognition including assembled workforce, and synergies with existing businesses of the Company. Goodwill in the amount of EUR 274 is expected to be deductible for income tax purposes.

The gross contractual amounts of acquired receivables was EUR 7,044; however, the Company has recorded an allowance of EUR 935 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 the year ended December 31, 2021. 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 totals EUR 34,474 (excluding the acquisition of Topicus.com B.V. and Geosoftware). During the year ended December 31, 2021, the Company made changes to provisional estimates of prior period preliminary purchase price allocations. The significant changes include an increase to definite life intangible assets of EUR 5,672 and a decrease to goodwill of EUR 4,538. The impact of these provisional changes to the purchase price allocation did not have a significant impact on the Consolidated Statements of Income (Loss).

(In thousands of euros, except per share amounts and as otherwise indicated.)

The aggregate impact of acquisition accounting applied in connection with the additional business acquisitions in the year ended December 31, 2021 is as follows:

Assets acquired:	
Cash	8,378
Accounts receivable	6,109
Other current assets	3,627
Property and equipment	2,178
Other non-current assets	3,113
Deferred income taxes	688
Technology assets	13,428
Customer assets	26,573
	64,093
Liabilities assumed:	
Current liabilities	6,509
Deferred revenue	5,698
Deferred income taxes	8,375
Other non-current liabilities	3,376
	23,957
Non-controlling interest	1,994
Goodwill	2,557
Total consideration	**40,699**

The 2021 additional business acquisitions did not have a material impact to either the consolidated revenue or the consolidated net income (loss) for the twelve months ended December 31, 2021. The materiality threshold is reviewed on a regular basis taking into account the quantitative (contribution to revenue and net income) and qualitative (size and comparability with other Topicus businesses) factors of current period additional acquisitions on both an individual and aggregate basis.

(In thousands of euros, except per share amounts and as otherwise indicated.)

5. Other assets and liabilities

(a) Other assets

	December 31, 2021	December 31, 2020
Prepaid expenses and other current assets	19,365	11,891
Sales tax receivable	943	624
Equity securities held for trading	7	2
Other receivables	1,461	1,943
Total other current assets	21,776	14,461
Costs to obtain a contract	157	231
Non-current trade and other receivables and other assets	5,500	3,623
Equity accounted investees	998	103
Total other non-current assets	6,655	3,956

(b) Other liabilities

	December 31, 2021	December 31, 2020
Contingent consideration	4,475	3,430
Deferred revenue	1,266	919
Other non-current liabilities	7,136	4,876
Total other non-current liabilities	12,877	9,225

(In thousands of euros, except per share amounts and as otherwise indicated.)

6. Property and equipment

	Computer hardware	Computer software	Furniture and equipment	Leasehold improvements	Buildings	Total
Cost						
Balance at January 1, 2020	9,204	2,852	3,464	3,646	-	19,167
Additions	1,713	430	176	89	-	2,408
Acquisitions through business combinations	1,239	247	582	370	-	2,438
Disposals / retirements / reclassifications / other	3,214	4,998	(770)	(86)	-	7,356
Balance at December 31, 2020	15,371	8,528	3,452	4,020	-	31,370
Balance at January 1, 2021	15,371	8,528	3,452	4,020	-	31,370
Additions	3,294	731	1,173	186	-	5,385
Acquisitions through business combinations	2,981	172	2,858	1,297	1,378	8,686
Disposals / retirements / reclassifications / other	1,757	1,462	494	(82)	(35)	3,595
Balance at December 31, 2021	23,403	10,893	7,976	5,421	1,343	49,036
Depreciation and impairment losses						
Balance at January 1, 2020	5,004	1,849	1,578	2,161	-	10,592
Depreciation charge for the year	2,595	669	848	527	-	4,639
Disposals / retirements / reclassifications / other	3,092	4,995	(667)	(62)	-	7,357
Balance at December 31, 2020	10,691	7,512	1,758	2,626	-	22,588
Balance at January 1, 2021	10,691	7,512	1,758	2,626	-	22,588
Depreciation charge for the year	3,636	551	1,635	949	34	6,805
Disposals / retirements / reclassifications / other	1,848	1,607	893	(27)	(4)	4,317
Balance at December 31, 2021	16,175	9,671	4,286	3,548	31	33,710
Carrying amounts:						
At January 1, 2020	4,200	1,003	1,886	1,485	-	8,575
At December 31, 2020	4,680	1,015	1,693	1,394	-	8,782
At January 1, 2021	4,680	1,015	1,693	1,394	-	8,782
At December 31, 2021	7,229	1,222	3,690	1,873	1,312	15,326

(In thousands of euros, except per share amounts and as otherwise indicated.)

7. Right-of-use assets

The following table presents the right-of-use assets for the Company:

	Computer hardware	Vehicles	Furniture and equipment	Building	Other	Total
Cost						
Balance at January 1, 2020	7,511	10,270	457	41,194	302	59,734
Additions	652	4,392	51	9,707	20	14,822
Acquisitions through business combinations	821	1,176	141	8,814	1	10,953
Disposals / retirements / reclassifications / other	(899)	(3,283)	(60)	(11,077)	(155)	(15,473)
Balance at December 31, 2020	8,085	12,555	588	48,638	169	70,036
Balance at January 1, 2021	8,085	12,555	588	48,638	169	70,036
Additions	5,216	5,590	13	5,541	17	16,378
Acquisitions through business combinations	31	1,647	8	11,627	-	13,313
Disposals / retirements / reclassifications / other	(2,227)	(3,212)	(12)	(10,579)	(149)	(16,179)
Balance at December 31, 2021	11,106	16,580	597	55,227	37	83,547
Depreciation and impairment losses						
Balance at January 1, 2020	3,472	4,145	81	9,310	91	17,099
Depreciation charge for the year	2,564	3,540	115	7,788	57	14,064
Disposals / retirements / reclassifications / other	(2,166)	(3,149)	(34)	(6,251)	(44)	(11,644)
Balance at December 31, 2020	3,870	4,535	163	10,847	104	19,519
Balance at January 1, 2021	3,870	4,535	163	10,847	104	19,519
Depreciation charge for the year	2,493	4,486	165	10,601	54	17,798
Disposals / retirements / reclassifications / other	(2,055)	(2,013)	(21)	(3,915)	(148)	(8,152)
Balance at December 31, 2021	4,308	7,007	307	17,533	10	29,165
Carrying amounts:						
At January 1, 2020	4,039	6,126	376	31,884	211	42,635
At December 31, 2020	4,215	8,021	425	37,791	65	50,517
At January 1, 2021	4,215	8,021	425	37,791	65	50,517
At December 31, 2021	6,798	9,573	291	37,694	27	54,382

(In thousands of euros, except per share amounts and as otherwise indicated.)

8. Intangible assets and goodwill

	Technology Assets	Customer Assets	Trademarks	Goodwill	Total
Cost					
Balance at January 1, 2020	230,297	271,541	6,300	107,482	615,620
Acquisitions through business combinations	36,908	38,503	-	26,972	102,383
Effect of movements in foreign exchange and other	112	302	0	15	428
Balance at December 31, 2020	267,317	310,346	6,300	134,469	718,432
Balance at January 1, 2021	267,317	310,346	6,300	134,469	718,432
Acquisitions through business combinations	157,183	149,048	19,400	55,894	381,524
Effect of movements in foreign exchange and other	1,505	831	(0)	722	3,059
Balance at December 31, 2021	426,005	460,225	25,700	191,085	1,103,015
Accumulated amortization and impairment losses					
Balance at January 1, 2020	143,777	76,170	1,890	-	221,838
Amortization for the period	26,227	23,839	315	-	50,381
Balance at December 31, 2020	170,004	100,010	2,205	-	272,218
Balance at January 1, 2021	170,004	100,010	2,205	-	272,218
Amortization for the period	45,929	37,847	1,285	-	85,060
Impairment charge	507	1,075	-	18	1,600
Balance at December 31, 2021	216,439	138,931	3,490	18	358,879
Carrying amounts					
At January 1, 2020	86,520	195,371	4,410	107,482	393,783
At December 31, 2020	97,313	210,336	4,095	134,469	446,213
At January 1, 2021	97,313	210,336	4,095	134,469	446,213
At December 31, 2021	209,566	321,294	22,210	191,067	744,136

Impairment testing for cash-generating units containing goodwill

The annual impairment test of goodwill was performed as of December 31, 2021 and 2020 and did not result in any significant impairment loss. For the purpose of impairment testing, goodwill is allocated to the Company's business units included in each operating segment, which represent the lowest level within the Company at which goodwill is monitored for internal purposes. There was no goodwill reallocated to the Company's CGUs that was deemed to be significant in comparison to the carrying amount of goodwill as at December 31, 2021.

The Company has five CGUs whereby the total goodwill allocated is significant in comparison to the Company's total carrying amount of goodwill. The total goodwill allocated to each of these CGUs as at December 31, 2021 is EUR 22,341, EUR 23,041, EUR 21,954, EUR 22,079 and EUR 47,384. In determining the recoverable amount, the Company applied an estimated market valuation multiple to the business unit's most recent annual recurring revenues, which are derived from combined software/support contracts, transaction revenues, and hosted products. Valuation multiples, which are Level 3 inputs, applied by the Company for this purpose reflect current market conditions specific to the business unit and are assessed for reasonability by comparison to the Company's current and past acquisition experience involving ranges of revenue-based multiples required to acquire representative software companies.

9. Revolving Credit Facility

On July 7, 2017, the Company entered into a credit facility (the "Revolving Credit Facility") with a number of European financial institutions. Under this credit facility, the Company will be able to borrow up to EUR 300,000 under a multicurrency revolving loan facility and up to EUR 50,000 under an additional uncommitted term loan facility. The Revolving Credit Facility has a term until July 7, 2024. The Revolving Credit Facility bears interest at a rate calculated at EURIBOR plus interest rate spreads based on a leverage table. The Revolving Credit Facility is collateralized by substantially all the assets owned by the Company and its subsidiaries, except for the entities secured under the Term Loans (note 10). The Revolving Credit Facility contains standard events of default which if not remedied within a cure period would trigger the repayment of any outstanding balance. As of December 31, 2021, EUR 45,000 (December 31, 2020 – EUR 20,000) had been drawn from this credit facility. Transaction costs associated with the Revolving Credit Facility have been included as part of the carrying amount of the liability and are being amortized through profit or loss using the effective interest rate method. The carrying value of the debt amounts to EUR 44,819 (December 31, 2020 – EUR 19,482) and has been classified as a short-term liability in the consolidated statement of financial position. The Company's intent is to repay the outstanding balance of the revolving credit facility within the next 12 months. As at December 31, 2021, the carrying amount of costs relating to this Revolving Credit Facility totaled EUR 181 (December 31, 2020 – EUR 518).

10. Term Loans

Certain of the Company's subsidiaries have entered into term debt facilities ("Term Loans") with various financial institutions. The Company 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 thousands of euros, except per share amounts and as otherwise indicated.)

The term loans comprise the following:

	Term Debt Facilities
Principal outstanding at December 31, 2021 (and equal to fair value)	101,245
Deduct: Carrying value of transaction costs included in debt balance	(3,462)
Carrying value at December 31, 2021	97,783
Current portion	1,670
Non-current portion	96,113

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

Year	Term Debt Facilities
2022	640
2023	2,071
2024	1,041
2025	34,597
2026	1,041
2027	1,131
2028	60,675
2029	-
2030	48
	101,245

11. Redeemable preferred securities

Preferred Shares of Topicus:

On January 4, 2021, the Company completed the Combination (see note 1). In connection with the Combination, the Company issued 39,412,385 Preferred Shares to CSI. The Preferred Shares are non-voting, and under certain conditions, prior to the Notification of Conversion (as defined below), were redeemable at the option of the holder for a redemption price of approximately EUR 19.06 per share. The redemption price could either be settled in cash or through the issuance of Subordinate Voting Shares of equal value, or any combination thereof. The Preferred Shares are also convertible into Subordinate Voting Shares at a conversion ratio of 1:1. The Preferred Share holders will also be entitled to a fixed annual cumulative dividend of 5% per annum on the initial Preferred Share value of approximately EUR 19.06 per share.

The fair value of the Preferred Shares on the date of issuance was EUR 751,359 and was recorded as a liability. The Company determined that the conversion option associated with the redeemable preferred shares does not result in a fixed amount of cash being exchanged for a fixed amount of shares (i.e. the conversion option does not meet the “fixed for fixed” requirement). As a result, the Preferred Shares were recorded at fair value at the end of each reporting period until the Notification of Conversion. The change in fair value of the Preferred Shares was recorded as redeemable preferred securities expense (income) in the consolidated statements of income (loss) up to the date of the Notification of Conversion.

During the three months ended June 30, 2021, the Preferred Shares reached the Mandatory Conversion Moment (see below). As a result of reaching the Mandatory Conversion Moment, the Preferred Share holders notified Topicus that they were electing to convert their Preferred Shares into Subordinate Voting Shares, which conversion would become effective on February 1, 2022 (“Notification of Conversion”). On the date that the Company received the Notification of Conversion from the Preferred Share holders, the Preferred Shares were re-classified from a liability to equity because the Preferred Shares were no longer redeemable for cash or through the issuance of Subordinate Voting Shares of equal value, or any combination thereof. Following receipt of the Notification of Conversion, the holders of the Preferred Shares are required to convert their Preferred Shares to Subordinate Voting Shares on February 1, 2022, however, they may choose to convert prior to February 1, 2022 pursuant to the Preferred Share Conversion Right (as defined below). On the Notification of Conversion date, the Company accrued the expected dividend to be paid relating to the period from the Notification of Conversion date to the expected conversion date of February 1, 2022. The dividend to be paid relating to this period has been recorded directly in Preferred Shares.

Further descriptions of the original significant terms and conditions of the Preferred Shares are described below. The original terms and conditions of the Preferred Shares should be read in conjunction with the terms and conditions of the Topicus Coop Preference Units as outlined below.

Conversion

Holders of the Preferred Shares are entitled to convert some or all of their Preferred Shares into Subordinate Voting Shares on a one-for-one basis at any time (the “Preferred Share Conversion Right”).

Upon the exercise of the Preferred Share Conversion Right, the holders of the Preferred Shares will be entitled to receive all accrued but unpaid dividends accruing on the Preferred Shares to the day before the conversion date. Pursuant to the terms of the Investor Rights and Governance Agreement entered into by CSI, the Joday Group, Ijssel, Topicus and Topicus Coop (the “IRGA”), the board of directors of the Company will make a determination as to whether the Company has sufficient cash on hand to satisfy the payment of any accrued but unpaid dividends on the Preferred Shares in cash. If the board of directors of the Company determines that the Company does not have sufficient cash on hand, the accrued but unpaid dividends will, subject to TSX Venture Exchange (“TSXV”) approval, be satisfied by the issuance of Subordinate Voting Shares of equal value.

On February 1, 2022, all outstanding Preferred Shares were converted to Subordinate Voting Shares.

Redemption at the Option of the Holder

Prior to the Notification of Conversion, pursuant to the terms of the IRGA, upon either the exercise by the Company of the Company Call Right (as defined below), or the exercise of the Preferred Share Retraction Right (as defined below), the holders of the Preferred Shares were, subject to the terms of the IRGA, entitled to receive an amount of cash equal to approximately EUR 19.06 per share, or Subordinate Voting Shares of equal value, or any combination thereof, in each case at the option of the holder of the Preferred Shares (the “Preferred Share Call Price Right”). Notwithstanding the foregoing, if the board of directors of the Company determined that the Company did not have sufficient cash on hand to make the payment in cash, CSI would have, subject to TSXV approval, received Subordinate Voting Shares of equal value. Subsequent to the Notification of Conversion, the Preferred Shares are no longer redeemable.

Preferred Share Retraction Right

Prior to the Notification of Conversion, the “Preferred Share Retraction Right” provided that (i) at any time until July 5, 2021, the holders of the Preferred Shares would have had the right (but not the obligation) to sell all of their Preferred Shares to the Company and exercise the Preferred Share Call Price Right (in which case, pursuant to the terms of the IRGA, the holders of the Topicus Coop Preference Units would have been entitled to sell all of their Topicus Coop Preference Units to Topicus Coop and exercise the Topicus Coop Preference Unit Call Price Right as outlined below), and (ii) at any time after July 5, 2021, holders representing 95% of the Preferred Shares and the Topicus Coop Preference Units (together, the “Preferred Securities”), excluding any Topicus Coop Preference Units held by the Company, would have had the right (but not the obligation) to entitle the holders of the Preferred Shares to sell all of their Preferred Shares to the Company and to exercise the Preferred Share Call Price Right. Upon the exercise of the Preferred Share Retraction Right, the holders of the Preferred Shares would also have been entitled to receive all accrued but unpaid dividends accruing to the day before the redemption date. These accrued but unpaid dividends would have been satisfied by the payment of cash. Subsequent to the Notification of Conversion, the Preferred Shares are no longer retractable.

Preferred Share Put Right

Prior to the Notification of Conversion, subject to the terms of the IRGA, the holders of the Preferred Shares would have been entitled to require the Company to repurchase some or all of their Preferred Shares (the “Preferred Share Put Right”). Upon the exercise of the Preferred Share Put Right, the holders of the Preferred Shares would have been entitled to receive an amount of cash equal to approximately EUR 19.06 per share. Subsequent to the Notification of Conversion, the Company cannot repurchase some or all of the Preferred Shares.

Prior to the Notification of Conversion, pursuant to the terms of the IRGA, the Preferred Share Put Right could be exercised at any time on or after February 1, 2024, but if the Preferred Share Put Right was exercised prior to February 1, 2026, it could only be exercisable if at such time the board of directors of the Company determined that the Company had sufficient cash on hand to satisfy the payment of approximately EUR 19.06 per share in cash. If the board of directors of the Company determined that it did not have sufficient cash on hand, the holders of the Preferred Shares would not be permitted to exercise the Preferred Share Put Right. Subsequent to the Notification of Conversion, the Company cannot repurchase some or all of the Preferred Shares.

Prior to the Notification of Conversion, if the Preferred Share Put Right was exercised after February 1, 2026, then regardless of whether the Company had sufficient cash on hand at that time, the holders of the Preferred Shares would have been entitled to receive an amount of cash equal to approximately EUR 19.06 per share and, subject to the terms below, upon the exercise of the Preferred Share Put Right by a holder, the Company must notify each other holder of Preferred Shares of such exercise, and invite (but not oblige) such other holders to also exercise their Preferred Share Put Right, upon 30 days’ notice to the Company. During that 30 day notice period, the Company would determine whether or not it had sufficient cash on hand to satisfy the payment in cash, and if it did not, the Company would have had the option to exercise the Company Call Right, in which case the Preferred Share Put Right would not be exercised in respect of any of the Preferred Shares. Upon the exercise of the Preferred Share Put Right, the holders of the

Preferred Shares would also have been entitled to receive all accrued but unpaid dividends accruing to the day before the redemption date. These accrued but unpaid dividends would have been satisfied by the payment of cash. Subsequent to the Notification of Conversion, the Company cannot repurchase some or all of the Preferred Shares.

Redemption at the Option of the Company

Subject to the terms of the IRGA, if the Subordinate Voting Shares achieve a volume weighted average share price that is equal to or greater than the Canadian dollar equivalent of 125% of the initial Preferred Share value of approximately EUR 19.06 per share (being the Canadian dollar equivalent of approximately EUR 23.83) (the "Premium Target Price") determined on the basis of the 60-day volume weighted average trading price of the Subordinate Voting Shares for any 60-day trading period (the "Mandatory Conversion Moment"), and the holders of the Preferred Shares have not exercised the Preferred Share Conversion Right within 30 days after notice has been given to them that the Premium Target Price has been achieved, the Company will redeem the Preferred Shares in exchange for a cash payment to the holders of the Preferred Shares of approximately EUR 19.06 per share (the "Company Mandatory Conversion Moment Call Right"). During the three months ended June 30, 2021, the Mandatory Conversion Moment was reached and the holders of the Preferred Shares elected to convert their Preferred Shares to Subordinate Voting Shares. As a result, the Company Mandatory Conversion Moment Call Right is no longer applicable.

Pursuant to the terms of the IRGA, the earliest date that the actual conversion or redemption of Preferred Shares resulting from the occurrence of the Mandatory Conversion Moment may occur is the first business day occurring 12 months following February 1, 2021 and, thereafter, such conversion may only occur after the first business day that is six months following the Mandatory Conversion Moment. As a result, the conversion of the Preferred Shares into Subordinate Voting Shares as a result of the Notice of Conversion will be effective on February 1, 2022, unless the holders of the Preferred Shares choose to convert prior to this date pursuant to the Preferred Share Conversion Right.

Company Call Right

Prior to the Notification of Conversion, any time after February 1, 2026, the Company would have had the option to redeem all the Preferred Shares in exchange for, at the option of each holder of Preferred Shares, payment of an amount in cash equal to approximately EUR 19.06 per share, or Subordinate Voting Shares of equal value, or any combination thereof (the "Company Call Right"). Notwithstanding the foregoing, if the board of directors of the Company determined that the Company did not have sufficient cash on hand to make the payment in cash, the holders of the Preferred Shares would have, subject to TSXV approval, received Subordinate Voting Shares of equal value. Subsequent to the Notification of Conversion, the Preferred Shares are no longer redeemable.

Prior to the Notification of Conversion, upon the exercise of the Company Call Right, the holders of the Preferred Shares would also have been entitled to receive all accrued but unpaid dividends accruing to the day before the redemption date. Pursuant to the terms of the IRGA, the board of directors of the Company would make a determination as to whether the Company had sufficient cash on hand to satisfy the payment of any accrued but unpaid dividends on the Preferred Shares in cash. If the board of directors of the Company determined that the Company did not have sufficient cash on hand to make the payment in cash, the holders of the Preferred Shares would have, subject to TSXV approval, received Subordinate Voting Shares of equal value. Subsequent to the Notification of Conversion, the Preferred Shares are no longer redeemable.

Prior to the Notification of Conversion, pursuant to the terms of the IRGA, if the Company Call Right was exercised, and at the time of such exercise the value of a Subordinate Voting Share exceeded approximately EUR 19.06 per share, then the holders of the Preferred Shares would first have the option to exercise the Preferred Share Conversion Right, in which case the Company Call Right would not be exercised. Subsequent to the Notification of Conversion, the Preferred Shares are no longer redeemable.

Topicus Coop Preference Units:

Topicus Coop issued 19,665,642 Topicus Coop Preference Units to the Joday Group in conjunction with the Combination. Topicus Coop also issued 5,842,882 Topicus Coop Preference Units to Ijssel in conjunction with the acquisition of Topicus.com B.V. The Topicus Coop Preference Units are non-voting and prior to the Notification of Conversion were redeemable at the option of the holder for a redemption price of approximately EUR 19.06 per unit. The redemption price could either be settled in cash or through the issuance of Topicus Coop Ordinary Units of equal value, or any combination thereof. The Topicus Coop Preference Units are convertible into Topicus Coop Ordinary Units (note 11) at a conversion ratio of 1:1. The Topicus Coop Preference Unit holders will also be entitled to a fixed annual cumulative dividend of 5% per annum on the initial Topicus Coop Preference Unit value of approximately EUR 19.06 per unit.

The fair value of the Topicus Coop Preference Units on the date of issuance was EUR 486,295 and was recorded as a liability. The Company determined that the conversion option associated with the Topicus Coop Preference Units did not result in a fixed amount of cash being exchanged for a fixed amount of units (i.e. the conversion option does not meet the “fixed for fixed” requirement). As a result, the Topicus Coop Preference Units were recorded at fair value at the end of each reporting period up to the Notification of Conversion date. The change in fair value of the Topicus Coop Preference Units was recorded as a redeemable preferred securities expense (income) in the consolidated statements of income (loss) up to the Notification of Conversion date.

During the three months ended June 30, 2021, the Preference Units reached the Mandatory Conversion Moment (see below). As a result of reaching the Mandatory Conversion Moment, the Preference Unit holders notified Topicus that they were electing to convert their Preference Units into Topicus Coop Ordinary Units, which conversion would become effective on February 1, 2022 (“Notification of Conversion”). On the date that the Company received the Notification of Conversion from the Preference Unit holders, the Preference Units were re-classified from a liability to equity (non-controlling interest) because the Preference Units were no longer redeemable for cash or through the issuance of Topicus Coop Ordinary Units of equal value, or any combination thereof. Following receipt of the Notice of Conversion, the holders of the Preference Units are required to convert their Preference Units to Topicus Coop Ordinary Units on February 1, 2022, however, they may choose to convert prior to February 1, 2022 pursuant to the Topicus Coop Preference Unit Conversion Right (as defined below). On the Notification of Conversion date, the Company also accrued the expected dividend to be paid relating to the period from the Notification of Conversion date to the expected conversion date of February 1, 2022. The dividend to be paid relating to this period has been recorded directly in equity (non-controlling interest).

Further descriptions of the significant terms and conditions of these Topicus Coop Preference Units are described below. The terms and conditions of the Topicus Coop Preference Units should be read in conjunction with the terms and conditions of the Preferred Shares.

Conversion

Holders of the Topicus Coop Preference Units are entitled to convert some or all of their Topicus Coop Preference Units into Topicus Coop Ordinary Units on a one-for-one basis at any time (the “Topicus Coop Preference Unit Conversion Right”). Pursuant to the terms of the IRGA and the exchange agreement entered into among the Company, Topicus Coop, the Joday Group and Ijssel (the “Exchange Agreement”), the portion of the Topicus Coop Preference Units which constitute Topicus Coop Exchangeable Units (as defined below) are indirectly exchangeable for Subordinate Voting Shares.

Upon the exercise of the Topicus Coop Preference Unit Conversion Right, the holders of the Topicus Coop Preference Units will be entitled to receive all accrued but unpaid dividends accruing to the day before the conversion date. Pursuant to the terms of the IRGA, the board of directors of Topicus Coop will make a determination as to whether Topicus Coop has sufficient cash on hand to satisfy the payment of any accrued but unpaid dividends on the Topicus Coop Preference Units in cash. If the board of directors of Topicus Coop determines that Topicus Coop does not have sufficient cash on hand, the accrued but unpaid dividends will be satisfied by the issuance of Topicus Coop Ordinary Units of equal value.

Holders of Topicus Coop Preference Units are entitled to exercise their Topicus Coop Preference Unit Conversion Right, and either continue to hold Topicus Coop Ordinary Units, or, pursuant to the terms of the IRGA and the Exchange Agreement, the portion of the Topicus Coop Ordinary Units which constitute Topicus Coop Exchangeable Units can be exchanged for Subordinate Voting Shares.

On February 1, 2022, all outstanding Topicus Coop Preference Units were converted to Topicus Coop Ordinary Units.

Redemption at the Option of the Holder

Prior to the Notification of Conversion, upon the exercise by Topicus Coop of the Topicus Coop Call Right (as defined below), or the exercise of the Topicus Coop Preference Unit Retraction Right (as defined below), holders of the Topicus Coop Preference Units had a right that mirrored the Preferred Share Call Price Right (but at the Topicus Coop level) (the “Topicus Coop Preference Unit Call Price Right”), and which was subject to substantially the same terms and restrictions that applied to the Preferred Share Call Price Right (but at the Topicus Coop level). As the Topicus Coop Preference Unit Call Price Right occurred at the Topicus Coop level, the holders of the Topicus Coop Preference Units would have received Topicus Coop Ordinary Units, and not Subordinate Voting Shares, in connection with the exercise of this right. Subsequent to the Notification of Conversion, the Topicus Coop Preference Units are no longer redeemable.

Prior to the Notification of Conversion, the “Topicus Coop Preference Unit Retraction Right” provided that (i) at any time until July 5, 2021, the holders of the Preferred Shares would have had the right (but not the obligation) to sell all of their Preferred Shares to the Company and exercise the Preferred Share Call Price Right, in which case the holders of the Topicus Coop Preference Units would have been entitled to sell all of their Topicus Coop Preference Units to Topicus Coop and exercise the Topicus Coop Preference Unit Call Price Right, and (ii) at any time after July 5, 2021, holders representing 95% of the Preferred Securities (excluding any Topicus Coop Preference Units held by the Company) would have had the right (but not the obligation) to entitle the holders of the Topicus Coop Preference Units to sell all of their Topicus Coop Preference Units to Topicus Coop and exercise the Topicus Coop Preference Unit Call Price Right. Subsequent to the Notification of Conversion, the Topicus Coop Preference Units are not retractable.

(In thousands of euros, except per share amounts and as otherwise indicated.)

Prior to the Notification of Conversion, Holders of the Topicus Coop Preference Units had a redemption right that mirrored the Preferred Share Put Right (but at the Topicus Coop level), and which was subject to substantially the same terms and restrictions that applied to the Preferred Share Put Right (but at the Topicus Coop level). Subsequent to the Notification of Conversion, the Topicus Coop Preference Units are no longer redeemable.

Redemption at the Option of Topicus Coop

Prior to the Notification of Conversion, Topicus Coop had a redemption right in respect of the Topicus Coop Preference Units that mirrored the Company Mandatory Conversion Moment Call Right (but at the Topicus Coop level), and which was subject to substantially the same terms and restrictions that applied to the Company Mandatory Conversion Moment Call Right (but at the Topicus Coop level). This right could only be exercised by Topicus Coop if the Company exercised the Mandatory Conversion Moment Call Right. Subsequent to the Notification of Conversion, the Preference Units are no longer redeemable.

Prior to the Notification of Conversion, Topicus Coop had a redemption right in respect of the Topicus Coop Preference Units that mirrored the Company Call Right (but at the Topicus Coop level), and which was subject to substantially the same terms and restrictions that applied to the Company Call Right (but at the Topicus Coop level) (the “Topicus Coop Call Right”). The Topicus Coop Call Right could only be exercised by Topicus Coop if the Company exercised the Company Call Right concurrently. Subsequent to the Notification of Conversion, the Preference Units are no longer redeemable.

12. Provisions

At January 1, 2021	1,222
Reversal	(96)
Provisions recorded during the period	3,380
Provisions used during the period	(2,615)
Effect of movements in foreign exchange and other	2
At December 31, 2021	1,893
Provisions classified as current liabilities	1,893
Provisions classified as other non-current liabilities	-

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

(In thousands of euros, except per share amounts and as otherwise indicated.)

13. Lease obligations

The following table presents the expected maturity of the undiscounted cash flows for lease obligations as at December 31, 2021:

	December 31, 2021
Less than 1 year	17,077
Between 1 and 5 years	34,881
More than 5 years	5,832
Total	57,790
Less: Impact of discounting	(2,601)
Leases obligation recorded on balance sheet	55,189

The expense relating to variable lease payments not included in the measurement of lease obligations was EUR 373 (2020 – EUR 405). This consists primarily of variable lease payments for property taxes. Expenses relating to short-term leases were EUR 643 (2020 – EUR 804), expenses relating to leases of low value assets were EUR 2 (2020 – EUR 217) and sublease income was EUR nil (2020 – EUR nil). Total cash outflow for leases was EUR 19,636 (2020 – EUR 16,154).

(In thousands of euros, except per share amounts and as otherwise indicated.)

14. Income taxes

(a) Tax recognized in profit or loss

	2021	2020
Tax recognized in profit or loss		
Current tax expense (recovery)		
Current year	39,364	29,217
Adjustment for prior years	130	(256)
	39,494	28,961
Deferred tax expense (recovery)		
Origination and reversal of temporary differences	(19,129)	(11,795)
Effect of change in future tax rates	2,373	5,411
Change in recognized temporary differences and unrecognized tax losses	(317)	(927)
Adjustment for prior years	(821)	(321)
	(17,894)	(7,632)
Income tax expense (recovery)	**21,600**	**21,329**

(b) Reconciliation of effective tax rate

		2021	2020
Net income (loss) for the year		(2,222,233)	63,684
Income tax expense		21,600	21,329
Income (loss) before income taxes		(2,200,632)	85,013
Income tax expense using the Company's statutory tax rate of 25% (2020 - 25%)		(550,158)	21,252
Impact on taxes from:			
	Foreign tax rate differential	(1,132)	(338)
	Other, including non deductible expenses and non taxable income	(1)	162
	Research and development and other allowances	(4,020)	(3,656)
	Redeemable preferred securities expense, which is not deductible for tax purpose:	575,546	-
	Change in recognized temporary differences and unrecognized tax losses	(317)	(927)
	Effect of change in future tax rates	2,373	5,411
	Adjustment for prior years	(690)	(576)
		21,600	21,329

The Company 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 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 the Company could also be subject to interest and penalty charges.

(In thousands of euros, except per share amounts and as otherwise indicated.)

15. Deferred tax assets and liabilities

(a) Unrecognized deferred tax liabilities

The aggregate amount of temporary differences associated with investments in subsidiaries for which the Company has not recognized deferred tax liabilities is EUR 114,914 (2020 - EUR 35,666) as the Company ultimately controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future. The temporary differences relate to undistributed earnings of the Company's subsidiaries. Dividends declared would be subject to withholding tax in the range of 0-15% depending on the jurisdiction of the subsidiary.

(b) Unrecognized deferred tax assets

	2021	2020
Non capital tax losses	3,473	943

Non-capital tax losses of EUR 3,473 (2020 – 943 EUR) can be carried forward indefinitely. Deferred tax assets have not been recognized in respect of this item because it is not probable that future taxable profit will be available in those jurisdictions against which the Company can utilize these benefits.

(c) Recognized deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2021	2020	2021	2020	2021	2020
Property, plant and equipment	131	393	-	-	131	393
Intangible assets	-	-	(129,260)	(75,604)	(129,260)	(75,604)
Non-capital loss carryforwards	6,736	1,887	-	-	6,736	1,887
Scientific research and development expenditure pool	1,236	-	-	(6,319)	1,236	(6,319)
Other, including capital losses, withholding tax and foreign exchange	2,984	1,630	-	-	2,984	1,630
Tax assets (liabilities)	11,087	3,911	(129,260)	(81,923)	(118,173)	(78,013)
Reclassification	(4,256)	(1,965)	4,256	1,965	-	-
Net tax assets (liabilities)	6,831	1,946	(125,004)	(79,958)	(118,173)	(78,013)

This reclassification relates to the offsetting of deferred tax assets and deferred tax liabilities to the extent that they relate to the same taxing authorities and there is a legally enforceable right to do so.

(In thousands of euros, except per share amounts and as otherwise indicated.)

(d) Movement in deferred tax balances during the year

	Balance January 1, 2021	Recognized in profit or loss	Acquired in business combinations	Other	Balance December 31, 2021
Property, plant and equipment	393	(53)	(209)	-	131
Intangible assets	(75,604)	8,590	(62,246)	-	(129,260)
Reserves	-	(940)	940	-	-
Non-capital loss carryforwards	1,887	1,718	3,131	-	6,736
Scientific research and development expenditure pool	(6,319)	7,279	276	-	1,236
Other, including capital losses and withholding tax	1,630	1,301	-	53	2,984
	(78,013)	17,894	(58,107)	53	(118,173)

	Balance January 1, 2020	Recognized in profit or loss	Acquired in business combinations	Other	Balance December 31, 2020
Property, plant and equipment	479	(45)	(40)	-	393
Intangible assets	(73,043)	14,615	(17,176)		(75,604)
Reserves	581	(581)	-	-	-
Non-capital loss carryforwards	1,045	503	339	-	1,887
Scientific research and development expenditure pool	377	(7,704)	1,008	-	(6,319)
Other, including capital losses, withholding tax and foreign exchange	207	844	164	414	1,630
	(70,355)	7,632	(15,705)	414	(78,013)

16. Shareholders' Equity

	Common Stock	
	Number	Amount
December 31, 2021	40,512,379	39,412
December 31, 2020	39,412,386	39,412

The Company's authorized share capital consists of an unlimited number of Subordinate Voting Shares and 1 Super Voting Share. As at December 31, 2021, there are 40,512,378 Subordinate Voting Shares and 1 Super Voting Share outstanding. The Super Voting Share is held by CSI. The 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 Super Voting Shares and Subordinate Voting Shares.

Dividends

On January 4, 2021 in connection with the Combination (see note 1), the Company paid a dividend of EUR 54,600 to CSI and the Joday Group.

(In thousands of euros, except per share amounts and as otherwise indicated.)

Accumulated other comprehensive income (loss)

Accumulated other comprehensive income (loss) is comprised of the following separate components of equity:

Cumulative translation account

The cumulative translation account comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as foreign exchange gains and losses arising from monetary items that form part of the net investment in the foreign operation.

17. Finance costs and other

	Years ended December 31,	
	2021	2020
Interest expense on debt	8,797	4,271
Interest expense on lease obligations	1,166	952
Amortization of debt related transaction costs	982	611
Share in net (income) loss of equity investee	(1,388)	(107)
Foreign exchange loss (gain)	584	(135)
Other finance costs (income)	607	755
Finance costs and other	10,748	6,347

18. Earnings per share

In conjunction with the Combination, the Company issued 1 Super Voting Share, 39,412,385 Preferred Shares and 39,412,385 Subordinate Voting Shares to CSI. CSI then distributed 39,412,367 Subordinate Voting Shares to its shareholders pursuant to a dividend-in-kind previously declared. In addition, Topicus Coop issued 19,665,642 preference units ("Topicus Coop Preference Units") and 19,665,642 ordinary units ("Topicus Coop Ordinary Units") to Joday Investments II B.V. and certain individual investors affiliated therewith (being the previous minority owners of CSNH) (collectively known as the "Joday Group"). The Company has reflected this capital reorganization as if it had occurred on the starting date of the earliest period presented and has calculated basic and diluted earnings per share as if this capital reorganization occurred on January 1, 2020.

Subsequent to the Notification of Conversion by the holders of the Preferred Shares, the Preferred Shares are mandatorily convertible into Subordinate Voting Shares of Topicus and as a result, have been included in the basic number of shares outstanding for purposes of earnings per share subsequent to the Notification of Conversion.

(In thousands of euros, except per share amounts and as otherwise indicated.)

Basic and diluted earnings (loss) per share

	Years ended December 31, 2021	2020
Basic earnings (loss) per share:		
Numerator:		
Net income (loss) attributable to equity holders of Topicus	(1,884,042)	42,485
Less: Dividends accrued to the preferred shareholders of Topicus subsequent to the notification of conversion	(25,731)	-
Net income (loss) attributable to the ordinary equity holders of Topicus	(1,909,773)	42,485
Denominator:		
Weighted average basic shares outstanding	63,318,650	39,412,386
Earnings (loss) per share		
Basic	(30.16)	1.08
Diluted earnings (loss) per share:		
Numerator:		
Net income (loss) attributable to the ordinary equity holders of Topicus	(1,909,773)	42,485
Add: Expense (income) associated with the redeemable preferred securities	2,302,185	-
Add: Net income (loss) attributable to the non-controlling interest holders of Topicus Coop	(339,589)	21,199
Net income (loss) to be used for diluted earnings per share	52,822	63,684
Denominator:		
Weighted average basic shares outstanding	63,318,650	39,412,386
Add: Effect of dilutive shares	66,363,090	78,743,669
Weighted average diluted shares outstanding	129,681,740	118,156,055
Earnings (loss) per share		
Diluted	(30.16)	0.54

For the year ended December 31, 2021, the diluted earnings (loss) per share is equivalent to basic earnings (loss) per share because the impact of the potential dilution is anti-dilutive.

19. Capital risk management

The Company's objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of organic growth combined with strategic acquisitions and to provide returns to its shareholders. The Company manages its capital with the objective of ensuring that there are adequate capital resources while maximizing the return to shareholders through the optimization of the debt and equity balance. The capital structure of the Company consists of cash, Revolving Credit Facility, Term Loans, loans from shareholders, and components of shareholders' equity including retained earnings, preferred shares, non-controlling interest and share equity.

The Company is subject to certain covenants on its Revolving Credit Facility. The covenants include a leverage ratio and an interest coverage ratio. The Term Loans are also subject to certain covenants. The Company monitors the ratios on a quarterly basis. As at December 31, 2021 and 2020, the Company is in compliance with its debt covenants. Other than the covenants required for the Revolving Credit Facility and the Term Loans, the Company is not subject to any externally imposed capital requirements.

The Company makes adjustments to its capital structure in light of general economic conditions, the risk characteristics of the underlying assets and the Company's working capital requirements. In order to maintain or adjust its capital structure, the Company, upon approval from its board of directors, may increase or decrease dividends, increase or decrease amounts due on the Revolving Credit Facility or undertake other activities as deemed appropriate under the specific circumstances. The board of directors reviews and approves any material transactions not in the ordinary course of business, as well as significant acquisitions and other major investments above pre-determined quantitative thresholds.

20. Financial risk management and financial instruments

Overview

The Company is exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth. The main objectives of the Company's risk management process are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal financial risks to which the Company is exposed are described below.

Market risk

Market risk is the risk that changes in market prices, such as fluctuations in foreign exchange rates and interest rates, will affect the Company's income or the value of its financial instruments.

The Company is exposed to interest rate risk on the utilized portion of its Revolving Credit Facility and does not currently hold any financial instruments that mitigate this risk. If there was a 1% increase in the interest rate on the Revolving Credit Facility, there would be a corresponding decrease in income before tax of EUR 450. There would be an equal and opposite impact if there was a 1% decrease in the interest rate.

The Company is also exposed to interest rate risk on the utilized portion of the Term Loans. If there was a 1% increase in the interest rate on the Term Loans, there would be a corresponding decrease in income before tax of EUR 1,012. There would be an equal and opposite impact if there was a 1% decrease in the interest rate.

The Company operates internationally, giving rise to exposure to market risks from changes in foreign exchange rates which impact sales and purchases that are denominated in a currency other than the respective functional currencies of certain of its subsidiaries. The Company currently does not typically use derivative instruments to hedge its exposure to those risks. Most of the Company's businesses are organized geographically so that many of its expenses are incurred in the same currency as its revenues thus mitigating some of its exposure to currency fluctuations.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost. The Company manages liquidity risk through the management of its capital structure and financial leverage, as outlined in note 19 to the consolidated financial statements. The Company's growth is financed through a combination of cash flows from operations and borrowing under the Revolving Credit Facility and the Term Loans. One of the Company’s primary goals is to maintain an optimal level of liquidity through the active management of its assets and liabilities as well as its cash flows from operations. The details of the Company’s Revolving Credit Facility and the Term Loans are disclosed in note 9 and note 10 to the consolidated financial statements. As at December 31, 2021, available credit in respect of the Company's Revolving Credit facility was EUR 252,611.

The majority of the Company's financial liabilities recorded in accounts payable and accrued liabilities are due within 60 days. Holdbacks payable related to business acquisitions are generally due within six months to two years.

Given the Company's available liquid resources and credit capacity as compared to the timing of the payments of liabilities, the Company assesses its liquidity risk to be low.

Credit risk

Credit risk represents the financial loss that the Company would experience if a counterparty to a financial instrument, in which the Company has an amount owing from the counterparty failed to meet its obligations in accordance with the terms and conditions of its contracts with the Company. The carrying amount of the Company's financial assets, including receivables from customers, represents the Company's maximum credit exposure.

The majority of the accounts receivable balance relates to maintenance invoices to customers that have a history of payment. In addition, a large proportion of the Company's accounts receivable are with public sector government agencies where the credit risk has historically been assessed to be low.

The Company’s accounts receivable is primarily from customers in the Netherlands and surrounding European countries.

(In thousands of euros, except per share amounts and as otherwise indicated.)

The aging of accounts receivables at the reporting date was:

	December 31, 2021	December 31, 2020
Current		
Gross	65,365	43,157
Impairment	(907)	(94)
Net	64,458	43,063
90-180 days		
Gross	4,626	2,340
Impairment	(152)	(95)
Net	4,474	2,246
More than 180 days		
Gross	5,070	3,867
Impairment	(3,276)	(2,531)
Net	1,794	1,335
Total accounts receivable		
Gross	75,061	49,364
Impairment	(4,335)	(2,720)
Net	70,725	46,644

An allowance account for accounts receivable is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at which point the amounts are considered to be uncollectible and are written off against the specific accounts receivable amount attributable to a customer. The number of days outstanding of an individual receivable balance is the key indicator for determining whether an account is at risk of being impaired.

(In thousands of euros, except per share amounts and as otherwise indicated.)

The movement in the allowance for impairment in respect of accounts receivable during the year ended:

	2021	2020
Aggregate balance at January 1	2,720	2,600
Increase from business acquisitions	1,501	233
Impairment loss recognized	3,358	1,945
Impairment loss reversed	(3,019)	(1,686)
Amounts written off	(206)	(368)
Other movements	(17)	(4)
Aggregate balance at December 31	4,335	2,720
Allowance for doubtful accounts arising from business combinations	613	267

There is no concentration of credit risk because of the Company's diverse and disparate number of customers with individual receivables that are not significant to the Company on a consolidated basis. In addition, the Company typically requires up front deposits from customers to protect against credit risk.

The Company manages credit risk related to cash by maintaining the majority of the Company's bank accounts with large, international, well-capitalized financial institutions.

Fair values versus carrying amounts

The carrying values of cash, accounts receivable, accounts payable and accrued liabilities, Loan from CSI, income taxes payable, and the majority of acquisition holdbacks, approximate their fair values due to the short-term nature of these instruments. The Term Loans and the Revolving Credit Facility are subject to market interest rates.

(In thousands of euros, except per share amounts and as otherwise indicated.)

Reconciliation of cash flows from financing activities

The following table reconciles the changes in cash flows from financing activities for the Revolving Credit Facility, lease liability, Loan from CSI, and Term Loans that are outstanding as at December 31:

	Revolving Credit Facility	Term Loans	Loan payable to CSI	Lease liability
Balance at January 1, 2021	19,482	32,572	-	51,107
Proceeds from issuance of term loans	-	67,227	-	-
Repayments of term loans	-	(411)	-	-
Proceeds from issuance of loan to CSI	-	-	28,362	-
Increase (decrease) in revolving credit facility	25,000	-	-	-
Credit facility transaction costs	-	(2,548)	-	-
Payments of lease obligations	-	-	-	(17,459)
Total financing cash flow activities	25,000	64,268	28,362	(17,459)
Amortization of debt related transaction costs	337	645	-	-
New leases, net of terminations and modifications	-	-	-	22,206
Foreign exchange and other movements	-	297	754	(665)
Total financing non-cash activities	337	942	754	21,541
Balance at December 31, 2021	44,819	97,783	29,116	55,189

	TSS facility	Term Loan	Loan payable to CSI	Lease liability
Balance at January 1, 2020	49,169	32,274	647	42,031
Repayments of related party loan balances	-	-	(647)	-
Increase (decrease) in the TSS facility	(30,000)	-	-	-
Payments of lease obligations	-	-	-	(13,776)
Total financing cash flow activities	(30,000)	-	(647)	(13,776)
Amortization of debt related transaction costs	312	298	-	-
New leases, net of terminations and modifications	-	-	-	22,851
Total financing non-cash activities	312	298	-	22,851
Balance at December 31, 2020	19,482	32,572	-	51,107

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.

(In thousands of euros, except per share amounts and as otherwise indicated.)

Financial assets and financial liabilities measured at fair value as at December 31, 2021 and December 31, 2020 in the financial statements are summarized below. The Company has no additional financial liabilities measured at fair value initially other than those recognized in connection with business combinations and the redeemable preferred securities.

	December 31, 2021				December 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Equity securities held for trading	7	-	-	7	2	-	-	2
	7	**-**	**-**	**7**	**2**	**-**	**-**	**2**
Liabilities:								
Redeemable preferred securities	-	-	66,614	66,614	-	-	-	-
Contingent consideration	-	-	5,392	5,392	-	-	3,641	3,641
	-	**-**	**72,007**	**72,007**	**-**	**-**	**3,641**	**3,641**

There were no transfers of fair value measurements between level 1, 2 and level 3 of the fair value hierarchy in the years ended December 31, 2021 and 2020.

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

Contingent Consideration

Balance at January 1, 2021	3,641
Increase from business acquisitions	3,468
Cash recoveries (payments)	(288)
Charges (recoveries) through profit or loss	(1,461)
Foreign exchange and other movements	32
Balance at December 31, 2021	5,392
Contingent consideration classified as current liabilities	917
Contingent consideration classified as other non-current liabilities	4,475

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

(In thousands of euros, except per share amounts and as otherwise indicated.)

Redeemable Preferred Securities:

Balance at January 1, 2021	-
Issuance in relation to the acquisition of Topicus.com B.V.	111,389
Redeemable preferred securities issued to CSI and the Joday Group	1,126,267
Cash recoveries (payments)	-
Charges through profit or loss	2,302,185
Foreign exchange and other movements	-
Reclassification of Redeemable preferred securites to preferred shares and non-controlling interest	(3,516,115)
Accrued and unpaid dividends recorded upon re-classification to equity	42,888
Balance at December 31, 2021	66,614

Estimates of the fair value of the redeemable preferred securities were performed by the Company on a quarterly basis. Key unobservable inputs include expected volatility and the credit spread of the redeemable preferred securities. 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 common share price of Topicus. As the Topicus common share price increases, the fair value of the redeemable preferred securities increases. Subsequent to the Notification of Conversion, the principal portion of the redeemable preferred securities has been reclassified to equity. The remaining balance consists of the accrued interest that was recorded prior to the Notification of the Conversion and the accrual of the remaining dividend that was made upon reclassification to equity. The balance was settled in February 2022.

(In thousands of euros, except per share amounts and as otherwise indicated.)

21. Revenue

The following tables provides information about unbilled revenue (contract asset) and deferred revenue (contract liability).

Unbilled Revenue:

	2021	2020
At January 1	15,539	11,964
Increase from business acquisitions	8,998	2,228
Decrease from transfers to accounts receivable	(30,082)	(27,100)
Increase from changes as a result of the measure of progress	41,192	28,445
Foreign exchange and other movements	116	2
At December 31	35,763	15,539
Unbilled revenue classified as a current asset	32,592	12,609
Unbilled revenue classified as a other non-current asset	3,171	2,930

Deferred Revenue:

	2021	2020
At January 1	60,639	45,775
Increase from business acquisitions	16,662	10,169
Decrease from revenue recognized that was included in the deferred revenue balance at the beginning of the period	(55,070)	(41,358)
Decrease from revenue recognized that arose from acquired deferred revenue balances in the current year	(12,759)	(9,585)
Increase due to cash received, excluding amounts recognized as revenue during the period	73,664	55,624
Foreign exchange and other movements	309	14
At December 31	83,445	60,639
Deferred revenue classified as a current liability	82,179	59,721
Deferred revenue classified as a other non-current liability	1,266	919

Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized ("contracted not yet recognized") and includes unearned revenue and amounts that will be invoiced and recognized as revenue in future periods. Contracted not yet recognized revenue was approximately EUR 600,000 as of December 31, 2021, of which the Company expects to recognize an estimated 58% of the revenue over the next 12 months and the remainder thereafter.

(In thousands of euros, except per share amounts and as otherwise indicated.)

Costs to obtain a contract with a customer:

The Company has capitalized and amortized incremental commission costs on a systematic basis, consistent with the pattern of transfer of the good(s) or service(s) to which the commission relates as the Company believes these costs are recoverable. The total capitalized commission costs as of December 31, 2021 is EUR 971 (December 31, 2020 – EUR 871). The amount of amortization expense for the year ended December 31, 2021 was EUR 105 (December 31, 2020 – EUR 641) and there was no impairment loss in relation to the costs capitalized.

22. Operating segments

Each of the Company’s operating segments operate essentially as “mini Topicus companies”, conglomerates of small vertical market software companies with similar economic characteristics. Each operating segment CEO is focused on investing capital that generates returns at or above the investment hurdle rates set by the Company’s head office and the board of directors. The Company aggregates operating segments into one reportable segment, consistent with the objective and basic principles of IFRS 8.

Geographical information

The Company operates primarily in Europe.

In presenting the geographical information, revenue is based on the location of the customer. Assets are based on the geographic locations of the assets.

Year ended December 31, 2021	The Netherlands	Rest of World	Total
Revenue	447,659	294,882	742,541
Non-current assets	576,729	250,601	827,330

Year ended December 31, 2020	The Netherlands	Rest of World	Total
Revenue	306,665	187,321	493,986
Non-current assets	277,400	234,015	511,415

Major customers

No customer represents revenue in excess of 5% of total revenue in both years ended December 31, 2021 and 2020.

(In thousands of euros, except per share amounts and as otherwise indicated.)

23. 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. The Company 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, the Company 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.

24. Guarantees

(a) In the normal course of business, some of the Company's subsidiaries entered into lease agreements for facilities. As the joint lessees, the subsidiaries agree to indemnify the lessor for liabilities that may arise from the use of the leased facility. The maximum amount potentially payable under the foregoing indemnity cannot be reasonably estimated. The subsidiaries have liability insurance that relates to the indemnifications.

(b) The Company and its subsidiaries have provided routine indemnifications to some of its customers against liability if the Company's product infringes on a third party's intellectual property rights. The maximum exposure from the indemnifications cannot be reasonably estimated.

25. Changes in non-cash operating working capital

	Years ended December 31,	
	2021	2020
Decrease (increase) in current accounts receivable	(10,439)	5,426
Decrease (increase) in current unbilled revenue	(10,985)	(823)
Decrease (increase) in other current assets	(2,436)	840
Decrease (increase) in inventories	(345)	115
Decrease (increase) in other non-current assets	(1,145)	165
Increase (decrease) in other non-current liabilities	1,496	(684)
Increase (decrease) in current accounts payable and accrued liabilities, excluding holdbacks from acquisitions	9,342	986
Increase (decrease) in current deferred revenue	5,796	6,004
Increase (decrease) in current provisions	671	(819)
Change in non-cash operating working capital	(8,044)	11,209

26. 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 the Company's controlling shareholder, CSI. Transactions are transfers of resources, services or obligations, regardless whether anything has been charged. There have been no transactions with related parties that were not on a commercial basis, except from financing obtained from the shareholders of the Company, as explained below.

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. The aggregate payments made by the Company to CSI for management fees and reimbursements of expenses during the year ended December 31, 2021 was EUR 6,899 (December 31, 2020 - EUR 5,445). During the year, the Company expensed management fees of EUR 1,988 year ended December 31, 2021 (December 31, 2020 – EUR 1,389).

The ending payable balance to CSI (included within "Accounts payable and accrued liabilities") as at December 31, 2021 was EUR 1,148 (December 31, 2020 – EUR 1,282).

Transactions with Vela Software Group and CSI in conjunction with the acquisition of Geosoftware:

On October 1, 2021, the Company acquired the assets of Geosoftware (note 4). In conjunction with the acquisition of Geosoftware, Vela contributed EUR 17,950 to acquire a 40% interest in Geosoftware, the remaining 60% is owned by the Company. Furthermore, CSI provided a non-interest bearing loan to the Company in the amount of USD $33,023 (EUR 29,116). The loan was provided in USD (the functional currency of Geosoftware) and is temporary financing until permanent financing is arranged. The loan is due on December 31, 2022 and can be repaid by the Company at anytime.

Subsequent to the acquisition of Geosoftware, Vela provided working capital advances, net of repayments, to Geosoftware in the amount of EUR 2,207. The ending balance at December 31, 2021 was EUR 2,207(included within "Accounts payable and accrued liabilities"). The amount is non-interest bearing and is due on demand.

Subsequent to the acquisition, Geosoftware reimburses Vela for certain expenses incurred by Vela on behalf of Geosoftware. The payable as at December 31, 2021 relating to these amounts was EUR 894 (included within "Accounts payable and accrued liabilities").

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 year ended December 31, 2021 (included within "Professional services revenue") relating to such arrangements was EUR 4,255 (December 31, 2020 – EUR 4,414). The ending receivable balance (included within "Accounts receivable") as at December 31, 2021 relating to these arrangements was EUR 561 (December 31, 2020 – EUR 437).

(In thousands of euros, except per share amounts and as otherwise indicated.)

Transactions with companies associated with key management personnel

The Company has entered into certain rental agreements for office space with companies that are affiliated with Henk-Jan Knol, a director of the Company. For the year ending December 31, 2021, the Company paid EUR 1,657 relating to these agreements. The payable as at December 31, 2021 relating to these arrangements was EUR 6,974 (included within “Lease Obligations”).

The Company has entered into certain hosting agreements with companies that are affiliated with Robin van Poelje, the CEO of the Company. For the year ending December 31,2021, the Company expensed EUR 886 relating to these agreements, included within “Third party license, maintenance and professional services” expenses. The payable as at December 31, 2021 relating to these amounts was EUR 44 (included within “Accounts payable and accrued liabilities”).

Key management personnel compensation

The key management personnel of the Company are the members of the Company’s executive management team and the board of directors.

	Years ended December 31,	
	2021	2020
Salaries, bonus and employee benefits	6,938	4,567
Total	6,938	4,567

There were no significant post-employment benefits, other long-term benefits, or share-based payments attributed to the key management personnel in 2021 and 2020.

27. Non-controlling interests

The Company’s non-controlling interest at December 31, 2021 is associated with Topicus Coop, an entity domiciled in the Netherlands. Topicus Coop’s common equity consists of Topicus Coop Ordinary Units. There are currently 64,920,909 Topicus Coop Ordinary Units outstanding, which are held by Topicus Coop’s unitholders, as follows:

- Topicus: 40,512,378 Topicus Coop Ordinary Units, representing 62.40% equity ownership.
- Joday Group: 19,665,642 Topicus Coop Ordinary Units, representing 30.29% equity ownership.
- Ijssel: 4,742,889 Topicus Coop Ordinary Units, representing 7.31% equity ownership.

All of the Topicus Coop Ordinary Units held by the Joday Group and Ijssel (collectively the “Topicus Coop Exchangeable Units”) are exchangeable, directly or indirectly, for Subordinate Voting Shares. The Topicus Coop Exchangeable Units comprise non-controlling interests in Topicus Coop.

Topicus Coop also has issued Topicus Coop Preference Units to the Company (39,412,385 Topicus Coop Preference Units), the Joday Group (19,665,642 Topicus Coop Preference Units) and Ijssel (5,842,882 Topicus Coop Preference Units). Holders of the Topicus Coop Preference Units are entitled to convert some or all of their Topicus Coop Preference Units into Topicus Coop Ordinary Units on a one-for-one basis at any time. Pursuant to the terms of the IRGA and the Exchange Agreement, the Topicus Coop Preference Units held by the Joday Group and Ijssel also constitute Topicus Coop Exchangeable Units which are indirectly exchangeable into Subordinate Voting Shares. Prior to the Notification of Conversion, the Topicus Coop Preference Units held by the Joday Group and Ijssel had been classified as a liability by the Company and had been excluded from non-controlling interests. Subsequent to the Notification of Conversion, the Topicus Coop Preference Units held by the Joday Group and Ijssel have been reclassified to equity and included within non-controlling interests.

(In thousands of euros, except per share amounts and as otherwise indicated.)

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 the Vela Software Group. Note 4 (b) summarizes the acquisition of Geosoftware and provides summarized financial information with respect to the impact of the acquisition on the consolidated financial statements. Note 26 provides a summary of the relationship between the Company, Geosoftware, CSI and the Vela Software Group.

The following tables summarize the information relating to the Company's non-controlling interests in Topicus Coop before and after intercompany eliminations:

	As at December 31, 2021	Inter-company eliminations	Total
Non-controlling interest	37.60%		
Current assets	200,989		
Non-current assets	827,330		
Total assets	1,028,319		
Current liabilities	398,794		
Non-current liabilities	273,893		
Total liabilities	672,687		
Less: Non-controlling interest of Topicus Coop subsidaries	21,096		
Less: Preference units of Topicus Coop classified as non-controlling interest	1,440,845		
Net assets	(1,106,309)	40,529	(1,065,780)
Net assets allocated to the Ordinary Units of Topicus Coop classified as non-controlling interest			(400,705)
Add: Non-controlling interest of Topicus Coop subsidaries			21,096
Add: Preference units of Topicus Coop classified as non-controlling interest			1,440,845
Total non-controlling interest			1,061,236

(In thousands of euros, except per share amounts and as otherwise indicated.)

The following tables summarize the information on the statement of earnings relating to the Company's non-controlling interests in Topicus Coop before and after intercompany eliminations:

	Year ended December 31, 2021	Inter-company eliminations	Total
Revenue	742,541		
Expenses	640,988		
Redeemable preferred securities expense (income) (note 11)	2,302,185		
Income (loss) before income taxes	(2,200,633)		
Income tax expense	21,600		
Net income (loss) prior to non-controlling interest allocation	(2,222,233)		
Less: Non-controlling interest of Topicus Coop subsidaries	1,479		
Less: Income allocated to Preference Units of Topicus Coop held by non-controlling interests	15,092		
Net income (loss) after allocation of non-controlling interest of Topicus Coop subsidaries and Preference Units classified as non-controlling interest	(2,238,804)	1,336,564	(902,241)
Net income (loss) allocated to Ordinary Units of Topicus Coop classified as non-controlling interest			(354,762)
Add: Non-controlling interest of Topicus Coop subsidaries			1,479
Add: Income allocated to Preference Units of Topicus Coop classified as non-controlling interest			15,092
Total non-controlling interest			(338,191)

Financial information on the statement of cash flows for Topicus Coop is as follows:

	Year ended December 31, 2021
Cash flows from (used in) operating activities	176,423
Cash flows from (used in) in financing activities	56,694
Cash flows from (used in) investing activities	(213,425)

28. Subsequent events

On January 31, 2022, a dividend was paid in cash on the Topicus Preferred Shares and Topicus Coop Preference Units in the aggregate amount of EUR 66,614. EUR 40,449 was paid to CSI, EUR 20,183 was paid to the Joday Group and EUR 5,981 was paid to Ijssel B.V.

On February 1, 2022, all of the issued and outstanding Topicus Preferred Shares (note 11) and Topicus Coop Preference Units (note 11) were converted to Topicus Subordinate Voting Shares and Topicus Coop Ordinary Units respectively. Subsequent to the conversion, the Company will reflect an equity interest of 61.56% in Topicus Coop and a non-controlling interest of 38.44%.