

CONSTELLATION SOFTWARE INC.

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

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

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

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

Forward Looking Statements

Certain statements in this report may contain "forward looking" statements that involve risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company or industry to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Words such as "may", "will", "expect", "believe", "plan", "intend", "should", "anticipate" and other similar terminology are intended to identify forward looking statements. These statements reflect current assumptions and expectations regarding future events and operating performance as of the date of this MD&A March 9, 2026. Forward looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to vary significantly from the results discussed in the forward looking statements, including, but not limited to, the factors discussed under "Risks and Uncertainties". Although the forward looking statements contained in this MD&A are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward looking statements. These forward looking statements are made as of the date of this MD&A and the Company assumes no obligation, except as required by law, to update any forward looking statements to reflect new events or circumstances. This report should be viewed in conjunction with the Company's other publicly available filings, copies of which can be obtained electronically on SEDAR+ at www.sedarplus.ca.

Non-IFRS Measures

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

Free cash flow available to shareholders "FCFA2S" refers to net cash flows from operating activities less interest paid on lease obligations, interest paid on debt, debt transaction costs, payments of lease obligations, the IRGA / TSS membership liability revaluation charge, and property and equipment purchased, and includes interest and dividends received, and the proceeds from sale of interest rate caps. The portion of this amount applicable to non-controlling interests is then deducted. We believe that FCFA2S is useful supplemental information as it provides an indication of the uncommitted cash flow that is available to shareholders if we do not make any acquisitions, or investments, and do not repay any debts. While we could use the FCFA2S to pay dividends or repurchase shares, our objective is to invest all of our FCFA2S in acquisitions which meet our hurdle rate.

FCFA2S is not a recognized measure under IFRS and may not be comparable to similar financial measures disclosed by other issuers. Accordingly, readers are cautioned that FCFA2S should not be construed as an alternative to net cash flows from operating activities. See “Results of Operations —Free cash flow available to shareholders” for a reconciliation of FCFA2S to net cash flows from operating activities.

Overview

We acquire, manage and build vertical market software (“VMS”) businesses. Generally, these businesses provide mission critical software solutions that address the specific needs of our customers in particular markets. Our focus on acquiring businesses with growth potential, managing them well and then building them, has allowed us to generate significant cash flows and revenue growth during the past several years.

Our revenue consists primarily of software license fees, maintenance and other recurring fees, professional service fees and hardware sales. Software license revenue is comprised of non-recurring license fees charged for the use of software products licensed under multiple-year or perpetual arrangements. Maintenance and other recurring revenue primarily consists of fees charged for customer support on software products post-delivery and also includes recurring fees derived from combined software/support contracts, transaction revenues, managed services associated with CSI software that has been sold to the customer, and hosted software-as-a-service products. Professional service revenue consists of fees charged for implementation services, custom programming, product training, certain managed services, and consulting. Hardware and other revenue includes the resale of third party hardware as part of customized solutions, as well as sales of hardware assembled internally and the reimbursement of travel costs. Our customers typically purchase a combination of software, maintenance, professional services and hardware, although the type, mix and quantity of each vary by customer and by product.

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

Preferred Share Investment in Lumine

On February 22 and 23, 2023 (as part of a series of transactions relating to the acquisition of WideOrbit Inc. (“WideOrbit”)), the Company’s subsidiary, Lumine Group Inc. (“Lumine”), completed a corporate reorganization. At the beginning of the period, the Company owned 63,582,712 preferred shares (“Lumine Preferred Shares”) in the capital of the Company’s subsidiary, Lumine. The Lumine Preferred Shares were non-voting and under certain conditions were redeemable at the option of CSI for a redemption price of \$21.74 (the “Initial Face Value”) per share. The redemption price was to either be settled in cash or through the issuance of a variable number of subordinate voting shares of Lumine (“Lumine Subordinate Voting Shares”) based on the terms of the Lumine Preferred Shares, or any combination thereof. The Lumine Preferred Shares were also convertible into Lumine Subordinate Voting Shares at a conversion ratio of 1:2.4302106 at any time. The Lumine Preferred Shares entitled CSI to a fixed annual cumulative dividend of 5% per annum on the Initial Face Value.

On March 25, 2024, all of the Lumine Preferred Shares were automatically converted into Lumine Subordinate Voting Shares, and additional Lumine Subordinate Voting Shares were issued in satisfaction of the amounts owing in connection with the accrued dividends on the Lumine Preferred Shares. As at December 31, 2025, CSI holds 157,553,539 Lumine Subordinate Voting Shares.

Subsequent to the conversion, CSI continues to consolidate Lumine and now reflects an equity interest of 61.40% (December 31, 2024 – 61.40%) in Lumine and a non-controlling interest of 38.60% (December 31, 2024 – 38.60%).

Results of Operations

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

Unaudited

	Three months ended December 31,				Year ended December 31,			
			Period-Over-Period Change				Period-Over-Period Change	
	2025	2024	\$	%	2025	2024	\$	%
Revenue	3,177	2,703	474	18%	11,623	10,066	1,557	15%
Expenses	2,316	1,980	335	17%	8,546	7,559	987	13%
Amortization of intangible assets	318	273	45	16%	1,182	1,044	139	13%
Foreign exchange (gain) loss	22	(42)	64	NM	154	(26)	181	NM
IRGA / TSS membership liability revaluation charge	204	61	142	232%	440	183	257	140%
Finance and other expense (income)	(37)	(10)	(27)	265%	(228)	(60)	(169)	282%
Bargain purchase gain	(4)	(6)	2	-28%	(10)	(10)	(0)	1%
Impairment of intangible and other non-financial assets	20	11	10	90%	43	28	15	55%
Redeemable preferred securities expense (income)	-	-	-	NM	-	58	(58)	-100%
Revaluation of investment accounted for using the equity method to cost	-	-	-	NM	260	-	260	NM
Finance costs	81	73	8	11%	297	280	17	6%
Income before income taxes	259	364	(105)	-29%	939	1,011	(72)	-7%
Income tax expense (recovery)								
Current income tax expense (recovery)	160	129	32	25%	606	525	81	15%
Deferred income tax expense (recovery)	(68)	(85)	17	-20%	(252)	(281)	29	-10%
Income tax expense (recovery)	93	44	49	111%	353	244	109	45%
Net income (loss) attributable to:								
Common shareholders of CSI	110	285	(175)	-61%	512	731	(219)	-30%
Non-controlling interests	56	35	21	60%	74	37	37	102%
Net income (loss)	166	320	(154)	-48%	586	767	(181)	-24%
Net cash flows from operating activities	788	678	110	16%	2,732	2,196	536	24%
Free cash flow available to shareholders	423	482	(59)	-12%	1,683	1,472	210	14%
Weighted average number of shares outstanding								
Basic and diluted	21.2	21.2			21.2	21.2		
Net income (loss) per share								
Basic and diluted	\$ 5.19	\$ 13.44	\$ (8.25)	-61%	\$ 24.15	\$ 34.48	\$ (10.33)	-30%
Net cash flows from operating activities per share								
Basic and diluted	\$ 37.19	\$ 31.99	\$ 5.19	16%	\$ 128.94	\$ 103.64	\$ 25.30	24%
Free cash flow available to shareholders per share								
Basic and diluted	\$ 19.97	\$ 22.76	\$ (2.79)	-12%	\$ 79.40	\$ 69.48	\$ 9.92	14%
Cash dividends declared per share								
Basic and diluted	\$ 1.00	\$ 1.00	\$ -	0%	\$ 4.00	\$ 4.00	\$ -	0%
Total assets					16,171	12,848	3,323	26%
Total long-term liabilities					5,830	4,899	931	19%

NM - Not meaningful

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

Comparison of the three and twelve month periods ended December 31, 2025 and 2024

Revenue:

Total revenue for the quarter ended December 31, 2025 was \$3,177 million, an increase of 18%, or \$474 million, compared to \$2,703 million for the comparable period in 2024. For the year ended December 31, 2025 total revenues were \$11,623 million, an increase of 15%, or \$1,557 million, compared to \$10,066 million for the comparable period in 2024. The increase for both the three and twelve month periods compared to the same periods in the prior year is primarily attributable to growth from acquisitions as the Company experienced organic growth of 6% and 4% respectively, 2% and 3% respectively after adjusting for the impact of changes in the valuation of the US dollar against most major currencies in which the Company transacts business. For acquired companies, organic growth is calculated as the difference between actual revenues achieved by each company in the financial period following acquisition compared to the estimated revenues they achieved in the corresponding financial period preceding the date of acquisition by Constellation. Organic growth is not a standardized financial measure and might not be comparable to measures disclosed by other issuers.

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

	Three months ended December 31,				Q424 Proforma Adj. (Note 1)	Organic Growth
			Period-Over- Period Change			
	<u>2025</u>	<u>2024</u>	\$	%	\$	%
	(\$ in millions, except percentages)					
Licenses	125	134	(9)	-7%	20	-19%
Professional services	568	524	44	8%	52	-1%
Hardware and other	138	98	41	42%	21	17%
Maintenance and other recurring	2,346	1,948	398	20%	210	9%
	3,177	2,703	474	18%	302	6%

	Year ended December 31,				Q424 Proforma Adj. (Note 2)	Organic Growth
			Period-Over- Period Change			
	<u>2025</u>	<u>2024</u>	\$	%	\$	%
	(\$ in millions, except percentages)					
Licenses	415	393	22	6%	49	-6%
Professional services	2,126	1,975	151	8%	197	-2%
Hardware and other	382	302	81	27%	59	6%
Maintenance and other recurring	8,700	7,396	1,304	18%	806	6%
	11,623	10,066	1,557	15%	1,111	4%

\$M - Millions of dollars

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

Note 1: Estimated pre-acquisition revenues for the three months ended December 31, 2024 from companies acquired after September 30, 2024. (Obtained from unaudited vendor financial information.)

Note 2: Estimated pre-acquisition revenues for the twelve months ended December 31, 2024 from companies acquired after December 31, 2023. (Obtained from unaudited vendor financial information.)

For comparative purposes the table below shows the quarterly organic growth as compared to the same period in the prior year by revenue type since Q4 2023. Note that the estimated revenues achieved by acquired companies in the corresponding financial period preceding the date of acquisition by Constellation may be updated in the quarter following the quarter they were acquired resulting in slight variances to previously reported figures.

	Quarter Ended									
	Dec. 31	Mar. 31	Jun. 30	Sep. 30	Dec. 31	Mar. 31	Jun. 30	Sep. 30	Dec. 31	
	2023	2024	2024	2024	2024	2025	2025	2025	2025	
Licenses	15%	-8%	-23%	-20%	-19%	-9%	-7%	19%	-19%	
Professional services	4%	-1%	-2%	-6%	-4%	-6%	0%	-1%	-1%	
Hardware and other	-18%	-11%	-9%	-7%	4%	4%	2%	-4%	17%	
Maintenance and other recurring	7%	7%	5%	6%	5%	2%	7%	6%	9%	
Revenue	6%	4%	2%	2%	1%	0%	5%	5%	6%	

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

	Quarter Ended									
	Dec. 31	Mar. 31	Jun. 30	Sep. 30	Dec. 31	Mar. 31	Jun. 30	Sep. 30	Dec. 31	
	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>	<u>2025</u>	<u>2025</u>	<u>2025</u>	
Licenses	13%	-9%	-22%	-20%	-19%	-7%	-9%	17%	-22%	
Professional services	2%	-2%	-2%	-7%	-3%	-4%	-2%	-3%	-5%	
Hardware and other	-20%	-12%	-8%	-8%	4%	6%	0%	-6%	12%	
Maintenance and other recurring	6%	6%	6%	6%	5%	4%	6%	4%	6%	
Revenue	4%	3%	3%	1%	2%	2%	4%	3%	2%	

Expenses:

The following table displays the breakdown of our expenses:

	Three months ended				Period-Over-Period Change			
	December 31,				December 31,		Period-Over-Period Change	
	<u>2025</u>	<u>2024</u>	<u>\$</u>	<u>%</u>	<u>2025</u>	<u>2024</u>	<u>\$</u>	<u>%</u>
	(\$ in millions, except percentages)				(\$ in millions, except percentages)			
Expenses								
Staff	1,568	1,366	202	15%	5,924	5,322	602	11%
Hardware	83	55	28	50%	217	169	47	28%
Third party license, maintenance and professional services	306	259	47	18%	1,114	960	154	16%
Occupancy	20	16	4	23%	71	64	7	10%
Travel, Telecommunications, Supplies & Software and equipment	163	137	26	19%	587	502	85	17%
Professional fees	62	52	10	19%	219	178	41	23%
Other, net	61	47	14	29%	215	182	33	18%
Depreciation	53	47	5	11%	201	182	18	10%
	2,316	1,980	335	17%	8,546	7,559	987	13%

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

Overall expenses for the quarter ended December 31, 2025 increased 17%, or \$335 million to \$2,316 million, compared to \$1,980 million during the same period in 2024. As a percentage of total revenue, expenses equalled 73% for the quarter ended December 31, 2025 and 73% for the same period in 2024. During the year ended December 31, 2025, expenses increased 13%, or \$987 million to \$8,546 million, compared to \$7,559 million during the same period in 2024. As a percentage of total revenue, expenses equalled 74% for the year ended December 31, 2025 and 75% for the same period in 2024. For the three and twelve months ended December 31, 2025 the change in valuation of the US dollar against most major currencies in which the Company transacts business resulted in an approximate 3% and 1% increase in expenses respectively compared to the comparable periods of 2024.

Staff expense – Staff expenses increased 15% or \$202 million for the quarter ended December 31, 2025 and 11% or \$602 million for the year ended December 31, 2025 over the same periods in 2024. Staff expense can be broken down into five key operating departments: Professional Services, Maintenance, Research and Development, Sales and Marketing, and General and Administrative. Included within staff expenses for each of the above five departments are personnel and related costs associated with providing the necessary services. The table below compares the period over period variances.

	Three months ended		Period-Over-Period Change		Year ended		Period-Over-Period Change	
	December 31,				December 31,			
	2025	2024	\$	%	2025	2024	\$	%
	(\$ in millions, except percentages)				(\$ in millions, except percentages)			
Professional services	308	292	16	5%	1,202	1,155	48	4%
Maintenance	321	278	43	15%	1,223	1,069	154	14%
Research and development	415	361	54	15%	1,615	1,437	179	12%
Sales and marketing	191	164	27	16%	702	635	67	11%
General and administrative	334	270	63	23%	1,181	1,026	155	15%
	1,568	1,366	202	15%	5,924	5,322	602	11%

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

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

Hardware expenses – Hardware expenses increased 50% or \$28 million for the quarter ended December 31, 2025 and 28% or \$47 million for the year ended December 31, 2025 over the same periods in 2024 as compared with the 42% and 27% increases in hardware and other revenue for the three and twelve month periods ending December 31, 2025 respectively over the comparable periods in 2024. Hardware margins for the three and twelve months ended December 31, 2025 were 40% and 43% respectively as compared to 44% and 44% for the comparable periods in 2024.

Third party license, maintenance and professional services expenses – Third party license, maintenance and professional services expenses increased 18% or \$47 million for the quarter ended December 31, 2025 and 16% or \$154 million for the year ended December 31, 2025 over the same periods in 2024. The increase is primarily due to third party license, maintenance and professional services expenses of acquired businesses.

Occupancy expenses – Occupancy expenses increased 23% or \$4 million for the quarter ended December 31, 2025 and 10% or \$7 million for the year ended December 31, 2025 over the same periods in 2024. The increase is primarily due to the occupancy expenses of acquired businesses.

Travel, Telecommunications, Supplies & Software and equipment expenses – Travel, Telecommunications, Supplies & Software and equipment expenses increased 19% or \$26 million for the quarter ended December 31, 2025 and 17% or \$85 million for the year ended December 31, 2025 over the same periods in 2024. The increase in these expenses is primarily due to expenses incurred by acquired businesses.

Professional fees – Professional fees increased 19% or \$10 million for the quarter ended December 31, 2025 and 23% or \$41 million for the year ended December 31, 2025 over the same periods in 2024. There are no individually material reasons contributing to this variance.

Other, net – Other expenses increased 29% or \$14 million for the quarter ended December 31, 2025 and 18% or \$33 million for the year ended December 31, 2025 over the same periods in 2024. The following table provides a further breakdown of expenses within this category.

	Three months ended December 31,				Year ended December 31,			
			Period-Over-Period Change				Period-Over-Period Change	
	<u>2025</u>	<u>2024</u>	\$	%	<u>2025</u>	<u>2024</u>	\$	%
	(\$ in millions, except percentages)				(\$ in millions, except percentages)			
Advertising and promotion	43	36	7	20%	157	130	27	21%
Recruitment and training	11	15	(4)	-26%	47	47	0	0%
Bad debt expense	2	9	(7)	-81%	6	14	(8)	-59%
R&D tax credits	(29)	(29)	(0)	1%	(73)	(69)	(5)	7%
Contingent consideration	18	(4)	22	NM	35	8	27	354%
Other expense, net	17	22	(5)	-21%	44	52	(8)	-15%
	61	47	14	29%	215	182	33	18%

NM - Not meaningful

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

The contingent consideration expense amounts recorded for the three and twelve months ended December 31, 2025 related to an increase (decrease) in anticipated acquisition earnout payment accruals primarily as a result of increases (decreases) to revenue forecasts for the associated acquisitions. Revenue forecasts are updated on a quarterly basis and the related anticipated acquisition earnout payment accruals are updated accordingly.

There are no individually material reasons contributing to the remaining variances.

Depreciation – Depreciation of property and equipment increased 11% or \$5 million for the quarter ended December 31, 2025 and 10% or \$18 million for the year ended December 31, 2025 over the same periods in 2024. The increases are primarily due to the depreciation expense associated with acquired businesses.

Other Income and Expenses:

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

	Three months ended December 31,				Year ended December 31,			
			Period-Over-Period Change				Period-Over-Period Change	
	<u>2025</u>	<u>2024</u>	\$	%	<u>2025</u>	<u>2024</u>	\$	%
	(\$ in millions, except percentages)				(\$ in millions, except percentages)			
Amortization of intangible assets	318	273	45	16%	1,182	1,044	139	13%
Foreign exchange (gain) loss	22	(42)	64	NM	154	(26)	181	NM
IRGA / TSS membership liability revaluation charge	204	61	142	232%	440	183	257	140%
Finance and other expense (income)	(37)	(10)	(27)	265%	(228)	(60)	(169)	282%
Bargain purchase gain	(4)	(6)	2	-28%	(10)	(10)	(0)	1%
Impairment of intangible and other non-financial assets	20	11	10	90%	43	28	15	55%
Redeemable preferred securities expense (income)	-	-	-	NM	-	58	(58)	-100%
Revaluation of investment accounted for using the equity method to cost	-	-	-	NM	260	-	260	NM
Finance costs	81	73	8	11%	297	280	17	6%
Income tax expense (recovery)	93	44	49	111%	353	244	109	45%
	696	403	293	73%	2,491	1,740	751	43%

NM - Not meaningful

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

Amortization of intangible assets – Amortization of intangible assets increased 16% or \$45 million for the quarter ended December 31, 2025 and 13% or \$139 million for the year ended December 31, 2025 over the same periods in 2024. The increase in amortization expense for the three and twelve months ended December 31,

2025 is primarily attributable to an increase in the carrying amount of our intangible asset balance over the twelve-month period ended December 31, 2025 as a result of acquisitions completed during this twelve-month period.

Foreign exchange – Most of our businesses are organized geographically so many of our expenses are incurred in the same currency as our revenues, which mitigates some of our exposure to currency fluctuations. For the three and twelve months ended December 31, 2025, we realized foreign exchange losses of \$22 million and \$154 million respectively compared to gains of \$42 million and \$26 million for the same periods in 2024. The following table provides a breakdown of these amounts.

	Three months ended December 31,				Year ended December 31,			
	Period-Over-Period Change		Period-Over-Period Change		Period-Over-Period Change		Period-Over-Period Change	
	<u>2025</u>	<u>2024</u>	\$	%	<u>2025</u>	<u>2024</u>	\$	%
	(\$ in millions, except percentages)				(\$ in millions, except percentages)			
Unrealized foreign exchange (gain) loss related to:								
- revaluation of intercompany loans between entities with differing functional currencies ⁽¹⁾	8	26	(18)	-68%	(3)	41	(44)	NM
- revaluation of the Company's unsecured subordinated floating rate debentures as a result of the appreciation (depreciation) of the Canadian dollar against the US dollar.	6	(25)	31	NM	19	(33)	52	NM
- revaluation of the liability associated with the IRGA (Euro denominated liability)	1	(48)	48	NM	101	(40)	142	NM
Remaining foreign exchange (gain) loss	7	4	2	55%	37	6	31	550%
	22	(42)	64	NM	154	(26)	181	NM

NM - Not meaningful

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

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

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

IRGA / TSS membership liability revaluation charge – On December 23, 2014, in accordance with the terms of the purchase and sale agreement for the initial acquisition of TSS (as defined below) by CSI, and on the basis of the term sheets attached thereto, Constellation and the Joday Group, among others, entered into a Members Agreement (the “Members Agreement”) pursuant to which the Joday Group acquired 33.29% of the voting interests in Constellation Software Netherlands Holding Coöperatief U.A. (which was renamed to Topicus.com Coöperatief U.A.), a subsidiary of Constellation and the indirect owner of 100% of TSS at the time of the acquisition. Total proceeds from this transaction was €39 million (\$49 million).

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

The valuation of the IRGA liability (previously the TSS membership liability) increased by approximately 20% or \$204 million from Q3 2025, and approximately 63% or \$440 million from Q4 2024. The increases are primarily the result of the organic growth in Topicus’ trailing twelve month maintenance and other recurring

revenue and net profits, and an increase in the fair value of Topicus' investment in the equity securities of Sygnity S.A. ("Sygnity") and Asseco Poland S.A. ("Asseco") as determined by their respective share prices at the end of each reporting period. The valuation of CSI's obligations under the IRGA is also impacted by the change in the net tangible assets of Topicus (as defined under the IRGA). The table below summarizes the changes.

€ in millions	December 31, 2024	September 30, 2025	December 31, 2025	Change for the Quarter ending December 31, 2025	Change for the Year ending December 31, 2025
Liability of CSI under the IRGA excluding equity security investments	588	651	643	(7)	55
<u>Equity securities of Sygnity</u>	79	112	103		
Increase in Fair Value of Equity securities of Sygnity				(9)	24
<u>Equity securities of Asseco</u>		114	305		
Increased investment in Equity securities of Asseco				59	108
Increase in Fair Value of Equity securities of Asseco				132	197
Liability of CSI under the IRGA	667	877	1,051	174	384
\$ in millions					
Liability of CSI under the IRGA	693	1,029	1,234	204	440

The liability recorded on the balance sheet increased by 78% or \$541 million over the twelve month period ended December 31, 2025 from \$693 million to \$1,234 million as a result of the revaluation charge of \$440 million and a \$101 million foreign exchange loss. The IRGA / TSS membership liability is denominated in Euros and the Euro appreciated 10% versus the US dollar during the twelve months ended December 31, 2025.

Finance and other expense (income) – Finance and other income for the three and twelve months ended December 31, 2025 was \$37 million and \$228 million respectively, compared to \$10 million and \$60 million respectively for the same periods in 2024. The following table provides a further breakdown of expenses (income) within this category.

	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Interest income on cash	\$ (11)	\$ (9)	\$ (46)	\$ (33)
(Increase) decrease in the fair value of equity securities	20	2	(13)	0
Share in net (income) loss of equity investee	1	0	1	0
(Increase) decrease in the fair value of derivative and other finance income	9	-	(67)	-
Finance and other income	(55)	(4)	(102)	(27)
Finance and other expense (income)	\$ (37)	\$ (10)	\$ (228)	\$ (60)

The increase in the fair value of derivative primarily relates to the increase in the fair value of the derivative assets associated with the Company's binding agreement in respect of the acquisition of 12,318,863 treasury shares of Asseco at a price of PLN 85 per share. These shares represent 14.84% of Asseco's issued share capital. During the year ended December 31, 2025, income of \$115 million was recorded within Finance and other (income) expenses relating to the increase in fair value. The acquisition of the 14.84% interest in Asseco's share capital was completed on October 1, 2025, increasing the Company's total shareholding to 24.84% and the derivative is no longer presented on the balance sheet. The fair value of the derivative has been included as part of the carrying value of the total investment in Asseco.

Offsetting the aforementioned increase in derivative assets was an increase the derivative liability associated with a binding agreement allowing certain parties to buy up to 1.7% (1,411,006 shares) of issued shares in Asseco from the Company at a purchase price of PLN 85 per share. During the year ended December 31, 2025, an expense of \$43 million was recorded. On December 4, 2025, the agreement was exercised and the Company received total proceeds of \$33 million and the derivative liability is no longer presented on the balance sheet. As a result, Topicus' shareholding in Asseco decreased to 23.14% as at December 31, 2025. The Company recorded a dilution gain of \$35 million as a result of this disposition.

Finance and other income for the twelve months ended December 31, 2025 includes a \$29 million settlement payment related to the fair value of the net tangible assets acquired as part of an acquisition that closed in 2024. There are no individually material reasons contributing to the remaining variances.

Bargain purchase gain – Bargain purchase gains totalling \$4 million and \$10 million were recorded in the three and twelve months ended December 31, 2025 respectively, compared to gains of \$6 million and \$10 million for the same periods in 2024, relating to acquisitions made in the respective periods. The gains resulted from the fact that the fair value of the separately identifiable assets and liabilities acquired exceeded the total consideration paid, principally due to the acquisition of certain assets that will benefit the Company that had limited value to the sellers.

Impairment of intangible and other non-financial assets – Impairment expenses of \$20 million and \$43 million were recorded in the three and twelve month periods ended December 31, 2025 compared to \$11 million and \$28 million for the same periods in 2024. The expenses relate to businesses that have been unable to achieve the goals established in their respective investment theses.

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

The Preferred Securities were recorded at fair value at the end of each reporting period. The change in fair value of the Preferred Securities was recorded as redeemable preferred securities expense (income) in the consolidated statements of income (loss). Based on the Preferred Securities conversion right, the value of the Preferred Securities was primarily dependent on the price movement of Lumine's Subordinate Voting Shares. The holders of the Lumine Special Shares were also entitled to a fixed annual cumulative dividend of 5% per annum.

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

Revaluation of investment accounted for using the equity method to cost – On February 4, 2025, the Company entered into a binding agreement in respect of the acquisition of 12,318,863 treasury shares of Asseco. These shares represent 14.84% of Asseco's share capital. On September 25, 2025, the Company received the last outstanding regulatory approval for the acquisition of the treasury shares and subsequent to this date, applied the equity method of accounting to its existing 9.99% investment in Asseco. The Company elected to record the investment in Asseco at cost under the equity method of accounting which comprised of the initial investment of \$174 million and transaction fees of \$2 million for a total cost of \$176 million. As a result, the Company reversed previous fair value adjustments and recorded a loss in the consolidated statement of income (loss) of \$260 million for the twelve months ended December 31, 2025.

Finance costs – Finance costs for the quarter ended December 31, 2025 increased \$8 million to \$81 million, compared to \$73 million for the same period in 2024. During the year ended December 31, 2025, finance costs increased \$17 million to \$297 million, from \$280 million for the same period in 2024. The following table provides a further breakdown of expenses within this category.

	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Interest expense on debt and debentures	\$ 64	\$ 59	\$ 240	\$ 234
Interest expense on lease obligations	4	4	16	14
Amortization of debt related transaction costs	2	2	7	7
Amortization of debenture discount (premium)	(1)	(1)	(3)	(3)
Other finance costs	11	9	36	28
Finance costs	\$ 81	\$ 73	\$ 297	\$ 280

Income taxes – We operate globally and we calculate our tax provision in each of the jurisdictions in which we conduct business. Our effective tax rate on a consolidated basis is, therefore, affected by the realization and anticipated relative profitability of our operations in those various jurisdictions, as well as different tax rates that apply and our ability to utilize tax losses and other credits. For the quarter ended December 31, 2025, income tax expense increased \$49 million to \$93 million compared to \$44 million for the same period in 2024. During the year ended December 31, 2025, income tax expense increased \$109 million to \$353 million compared to \$244 million for the same period in 2024. Current tax expense has historically approximated our cash tax rate however the quarterly expense can sometimes fall outside of the annual range due to out of period adjustments. Current tax expense reflects gross taxes before the application of R&D tax credits which are classified as part of “other, net” expenses in the statement of income (loss). The Company’s consolidated effective tax rate in respect of continuing operations for the three and twelve months ended December 31, 2025 was 36% and 38% respectively (12% and 24% for the three and twelve months ended December 31, 2024 respectively).

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

Net Income and Earnings per Share:

Net income attributable to common shareholders of CSI for the quarter ended December 31, 2025 was \$110 million compared to \$285 million for the same period in 2024. On a per share basis this translated into net income per diluted share of \$5.19 in the quarter ended December 31, 2025 compared to net income per diluted share of \$13.44 for the same period in 2024. For the year ended December 31, 2025, net income attributable to common shareholders of CSI was \$512 million or \$24.15 per diluted share compared to \$731 million or \$34.48 per diluted share for the same period in 2024. As mentioned in the “IRGA / TSS membership liability revaluation charge” section above, the increase in the fair value of Topicus’ investment in the equity securities of Asseco increases the value of the liability. The fair value is determined by Asseco’s share price at the end of each reporting period. The liability increase and related expense for the three and twelve month periods relating to the increased share price of Asseco was \$155 million and \$225 million respectively. Subsequent to September 25, 2025 the Company has accounted for the investment in Asseco under the equity method which does not require the Company to record the asset at fair value at the end of each reporting period under IFRS.

There was no change in the number of shares outstanding.

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

For the quarter ended December 31, 2025, CFO increased \$110 million to \$788 million compared to \$678 million for the same period in 2024 representing an increase of 16%. For the year ended December 31, 2025, CFO increased \$536 million to \$2,732 million compared to \$2,196 million for the same period in 2024 representing an increase of 24%.

Free cash flow available to shareholders (“FCFA2S”):

For the quarter ended December 31, 2025, FCFA2S decreased \$59 million to \$423 million compared to \$482 million for the same period in 2024 representing a decrease of 12%. For the year ended December 31, 2025, FCFA2S increased \$210 million to \$1,683 million compared to \$1,472 million for the same period in 2024 representing an increase of 14%.

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

	Three months ended December 31,		Year ended December 31,	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	(\$ in millions)		(\$ in millions)	
Net cash flows from operating activities	788	678	2,732	2,196
Adjusted for:				
Interest paid on lease obligations	(4)	(4)	(16)	(14)
Interest paid on debt	(43)	(37)	(196)	(178)
Debt transaction costs	(4)	(3)	(13)	(16)
Payments of lease obligations	(34)	(29)	(131)	(118)
IRGA / TSS membership liability revaluation charge	(204)	(61)	(440)	(183)
Property and equipment purchased	(20)	(25)	(68)	(67)
Interest and dividends received	12	9	56	33
	<u>490</u>	<u>527</u>	<u>1,926</u>	<u>1,653</u>
Less amount attributable to Non-controlling interests	(67)	(45)	(243)	(180)
Free cash flow available to shareholders	423	482	1,683	1,472

Due to rounding, certain totals may not foot.

The IRGA / TSS membership liability revaluation charge relating to the investment in equity securities of Sygnity and Asseco was \$144 million and \$252 million for the three and twelve month periods respectively. The fair value of these investments for purposes of calculating the revaluation charge is determined by their respective share prices at the end of each reporting period.

Quarterly Results

	Quarter Ended								
	Dec. 31 <u>2023</u>	Mar. 31 <u>2024</u>	Jun. 30 <u>2024</u>	Sep. 30 <u>2024</u>	Dec. 31 <u>2024</u>	Mar. 31 <u>2025</u> Note 1	Jun. 30 <u>2025</u>	Sep. 30 <u>2025</u>	Dec. 31 <u>2025</u>
Revenue	2,323	2,353	2,468	2,541	2,703	2,654	2,844	2,948	3,177
Net income (loss) *	141	105	177	164	285	115	56	210	110
CFO	511	737	265	517	678	827	433	685	788
FCFA2S	325	446	182	362	482	510	220	529	423
Net income per share *									
Basic & diluted	6.64	4.95	8.35	7.74	13.44	5.44	2.66	9.89	5.19
CFO per share									
Basic & diluted	24.09	34.76	12.51	24.37	31.99	39.00	20.44	32.31	37.19
FCFA2S per share									
Basic & diluted	15.33	21.04	8.61	17.06	22.76	24.07	10.37	24.96	19.97

* Attributable to common shareholders of CSI

Note 1: The Company made an adjustment to the financial information for the three months ending March 31, 2025. This resulted in an increase in finance and other income of \$35 million, an increase in current income tax expense of \$2 million and an increase in net income of \$34 for the three months ended March 31, 2025. The Company will recast the comparative interim period in its future filings in 2026. See Note 5 to the Company's Unaudited Condensed Consolidated Interim Financial Statements for the three and six months ended June 30, 2025 for additional information.

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

Spin-Outs

Topicus.com Inc.

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

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

Constellation's equity interest in TSS prior to the Spin-Out Transactions was 66.7%. Constellation's equity interest in Topicus after completion of the Spin-Out Transactions on a fully diluted basis was approximately 30.4%. Constellation's equity interest on a fully diluted basis as at December 31, 2025 is approximately 31.3%. In addition, Constellation as the holder of the Topicus Super Voting Share is entitled to that number of votes that equals 50.1%

of the aggregate number of votes attached to all of the outstanding voting shares at such time. As a result of the Topicus Super Voting Share Constellation consolidated the financial results of Topicus with its financial results.

Lumine Group Inc.

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

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

The tables below provide certain supplemental balance sheet, statement of income, and net operating cash flow information of Topicus and Lumine for the three and twelve months ended December 31, 2025. Neither Topicus or Lumine are considered a reportable operating segment of Constellation, however, management has chosen to provide certain supplemental financial information to provide greater clarity into the operating performance and cash flow from operations of Topicus and Lumine considering Constellation’s equity ownership. The financial information includes the adjustments discussed in the “Finance and other expense (income)” section above.

Selected Balance Sheet Information As at December 31, 2025

	Constellation Software Inc. (excluding Topicus & Lumine)				
(Unaudited)		Topicus	Lumine	Consolidated	
Cash	2,352	384	353	3,089	
Bank debt, loans, bonds and debentures	3,108	813	210	4,131	

Statement of Income
(Excluding intercompany activity)

(Unaudited)	For the three months ended December 31, 2025				For the year ended December 31, 2025			
	Constellation Software Inc. (excluding Topicus & Lumine)				Constellation Software Inc. (excluding Topicus & Lumine)			
	& Lumine)	Topicus	Lumine	Consolidated	& Lumine)	Topicus	Lumine	Consolidated
Revenue	2,456	505	216	3,177	9,112	1,746	766	11,623
Expenses	1,821	367	127	2,316	6,756	1,303	487	8,546
Amortization of intangible assets	239	50	28	318	890	184	108	1,182
Foreign exchange (gain) loss	19	2	2	22	147	(0)	7	154
IRGA / Membership liability revaluation charge	204	-	-	204	440	-	-	440
Finance and other income	(9)	(27)	(1)	(37)	(74)	(149)	(5)	(228)
Bargain purchase gain	(5)	-	0	(4)	(8)	(0)	(2)	(10)
Impairment of intangible and other non-financial assets	20	1	-	20	43	1	-	43
Revaluation of investment accounted for using the equity method to cost	-	-	-	-	-	260	-	260
Finance costs	63	14	4	81	242	39	16	297
Income (loss) before income taxes	104	99	56	259	676	109	154	939
Income tax expense (recovery)								
Current income tax expense (recovery)	132	21	7	160	484	84	37	606
Deferred income tax expense (recovery)	(53)	(13)	(1)	(68)	(206)	(41)	(5)	(252)
Income tax expense (recovery)	79	8	6	93	279	43	32	353
Net income (loss)	25	91	50	166	398	66	122	586
Net cash flows from operating activities	590	126	71	788	2,047	448	236	2,732

Foreign Exchange Adjusted Organic Revenue Growth
(Excluding intercompany activity)

	For the three months ended December 31, 2025				For the year ended December 31, 2025			
	Constellation Software Inc. (excluding Topicus & Lumine)				Constellation Software Inc. (excluding Topicus & Lumine)			
	& Lumine)	Topicus	Lumine	Consolidated	& Lumine)	Topicus	Lumine	Consolidated
Licenses	-30%	-15%	0%	-22%	-8%	-4%	-9%	-8%
Professional services	-8%	-1%	19%	-5%	-5%	-3%	3%	-4%
Hardware and other	15%	6%	-22%	12%	3%	9%	-1%	4%
Maintenance and other recurring	6%	7%	-2%	6%	5%	7%	1%	5%
Revenue	2%	4%	1%	2%	3%	4%	0%	3%

Acquisition of business segment from Allscripts Healthcare Solutions

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

The tables below provide certain supplemental balance sheet, statement of income, and net operating cash flow information of Altera for the three and twelve months ended December 31, 2025. Altera is not considered a reportable operating segment of Constellation, however, management has chosen to provide certain supplemental financial information to provide greater clarity into the operating performance and cash flow from operations of Altera considering the size of the business and its impact on the results of Constellation. The financial information includes the adjustments discussed in the “Finance and other expense (income)” section above.

Selected Balance Sheet Information
As at December 31, 2025

	Constellation Software Inc. (excluding Altera)		
(Unaudited)	Altera	Altera	Consolidated
Cash	2,938	151	3,089
Bank debt, loans, bonds and debentures	3,895	236	4,131

Statement of Income
(Excluding intercompany activity)

	For the three months ended December 31, 2025			For the Year ended December 31, 2025		
	Constellation Software Inc. (excluding Altera)			Constellation Software Inc. (excluding Altera)		
(Unaudited)	Altera	Altera	Consolidated	Altera	Altera	Consolidated
Revenue	3,003	174	3,177	10,911	712	11,623
Expenses	2,180	136	2,316	7,988	558	8,546
Amortization of intangible assets	300	18	318	1,111	71	1,182
Foreign exchange (gain) loss	22	1	22	152	2	154
IRGA / Membership liability revaluation charge	204	-	204	440	-	440
Finance and other income	(24)	(13)	(37)	(213)	(15)	(228)
Bargain purchase gain	(4)	-	(4)	(10)	-	(10)
Impairment of intangible and other non-financial assets	20	-	20	43	-	43
Revaluation of investment accounted for using the equity method to cost	-	-	-	260	-	260
Finance costs	77	4	81	282	15	297
Income (loss) before income taxes	229	30	259	859	80	939
Income tax expense (recovery)						
Current income tax expense (recovery)	146	15	160	580	25	606
Deferred income tax expense (recovery)	(58)	(10)	(68)	(243)	(9)	(252)
Income tax expense (recovery)	88	5	93	337	16	353
Net income (loss)	141	25	166	522	64	586
Net cash flows from operating activities	750	38	788	2,615	117	2,732
Free cash flow available to shareholders	390	33	423	1,591	92	1,683

Foreign Exchange Adjusted Organic Revenue Growth
(Excluding intercompany activity)

	For the three months ended December 31, 2025			For the Year ended December 31, 2025		
	Constellation Software Inc. (excluding Altera)			Constellation Software Inc. (excluding Altera)		
	Altera	Altera	Consolidated	Altera	Altera	Consolidated
Licenses	-21%	-57%	-22%	-8%	0%	-8%
Professional services	-2%	-24%	-5%	-2%	-16%	-4%
Hardware and other	11%	-220%	12%	3%	NM	4%
Maintenance and other recurring	6%	5%	6%	5%	-3%	5%
Revenue	3%	-7%	2%	3%	-7%	3%

Liquidity

	December 31, 2025	December 31, 2024	Variance
Cash	3,089	1,980	1,109
Debt with recourse to Constellation Software Inc.	1,489	1,466	23
Debt without recourse to Constellation Software Inc.	2,642	2,008	634
Debt	4,131	3,474	657
Cash less Debt	(1,043)	(1,494)	451

Cash flows from operations exceeded the net capital deployed on acquisitions plus dividends during the year ended December 31, 2025. Cash increased by \$1,109 million to \$3,089 million at December 31, 2025 compared to \$1,980 million at December 31, 2024 and debt increased by \$657 million to \$4,131 million at December 31, 2025 compared to \$3,474 million at December 31, 2024.

Total assets increased \$3,323 million, from \$12,848 million at December 31, 2024 to \$16,171 million at December 31, 2025. The increase is primarily due to the \$1,109 million increase in cash, the \$642 million increase in investments accounted for using the equity method, and the \$933 million increase in intangible assets. The increase in investments accounted for using the equity method resulted from the Company's investments in Asseco. At December 31, 2025 Topicus, Lumine and other subsidiaries with non-recourse debt facilities hold approximately \$1,172 million of cash. As explained in the "Capital Resources and Commitments" section below, there are limitations on the ability of these subsidiaries to distribute funds to Constellation.

Current liabilities increased \$1,414 million, from \$4,661 million at December 31, 2024 to \$6,074 million at December 31, 2025. The increase is primarily due to an increase in the liability of CSI under the IRGA of \$472 million, an increase in debt without recourse to Constellation of \$272 million, an increase in accounts payable and accrued liabilities of \$350 million and an increase in deferred revenue of \$248 million mainly due to acquisitions made since December 31, 2024 and the timing of maintenance and other billings versus performance and delivery under those customer arrangements.

Net Changes in Cash Flows

(\$ in millions)

	Year ended December 31, 2025	Year ended December 31, 2024
Net cash provided by operating activities	2,732	2,196
Net cash from (used in) financing activities	156	114
Cash used in the acquisition of businesses	(1,513)	(1,683)
Cash obtained with acquired businesses	173	164
Net cash from (used in) other investing activities	(541)	(48)
Net cash from (used in) investing activities	(1,881)	(1,567)
Effect of foreign currency	102	(48)
Net increase (decrease) in cash and cash equivalents	1,109	696

The net cash flows from operating activities were \$2,732 million for the year ended December 31, 2025. The \$2,732 million provided by operating activities resulted from net income of \$586 million plus \$2,709 million of adjustments to net income (primarily amortization of intangible assets, depreciation, IRGA/TSS Membership

liability revaluation charge, finance and other income, revaluation of investment accounted for using the equity method to cost, finance costs, and income tax expense) offset by \$6 million of cash used in non-cash working capital and \$556 million in taxes paid.

The net cash flows from financing activities for the year ended December 31, 2025 were \$156 million, which is mainly a result of a net increase in debt facilities of \$571 million, offset by interest payments of \$212 million, lease obligation payments of \$131 million, and dividends paid to common shareholders of \$85 million.

The net cash flows used in investing activities for the year ended December 31, 2025 were \$1,881 million. The cash used in investing activities was primarily due to acquisitions for an aggregate of \$1,513 million (including payments for holdbacks relating to prior acquisitions), the \$580 million purchase of equity securities, offset by \$173 million of acquired cash.

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

Capital Resources and Commitments

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

	CSI Facility	Senior Notes	Debentures	Term Loan	Total
Principal outstanding at December 31, 2025 (and, except for debentures, equal to fair value)	\$ -	\$ 1,000	\$ 361	\$ 87	1,449
Deduct: Unamortized transaction costs included in debt balance	-	(6)	-	(0)	(6)
Add: Unamortized debt premium	-	-	47	-	47
Carrying value at December 31, 2025	\$ -	994	408	87	1,489
Current portion	-	-	-	-	-
Non-current portion	-	994	408	87	1,489

CSI Facility

On January 31, 2024, the Company completed an amendment and restatement of its existing credit facility agreement (the “CSI Facility”). The facility limit was increased from \$840 million to \$1,085 million, with a syndicate of existing and new institutions. The agreement has also moved from a secured to an unsecured facility structure, which continues to be available for general corporate purposes including acquisitions and working capital. The CSI Facility is guaranteed by certain subsidiaries of the Company. The CSI Facility bears a variable interest rate with no fixed repayments required over the term to maturity. Interest rates are calculated at standard U.S. and Canadian reference rates plus interest rate spreads based on a leverage table. The CSI Facility contains standard events of default which if not remedied within a cure period would trigger the repayment of any outstanding balance. As at December 31, 2025, nil had been drawn from this credit facility, and letters of credit totaling \$13 million were issued, which limits the borrowing capacity on a dollar-for-dollar basis.

Senior Notes

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

Debentures

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

The total principal value of debentures outstanding at December 31, 2025 was \$361 million (C\$495 million).

Guarantees

One of CSI’s subsidiaries has entered into a \$87 million (£65 million) term debt facility with a financial institution for which CSI has guaranteed the debt. The facility bears a fixed rate of interest. The term loan contains events of default that, if not remedied, allow the loan note holder to require repayment of the loan principal and interest. The loan is due in 2028.

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

On December 23, 2014, in accordance with the terms of the purchase and sale agreement for the initial acquisition of TSS by CSI, and on the basis of the term sheets attached thereto, Constellation and the Joday Group, among others, entered into a Members Agreement (the “Members Agreement”) pursuant to which the Joday Group acquired 33.29% of the voting interests in Constellation Software Netherlands Holding Coöperatief U.A. (which was renamed to Topicus.com Coöperatief U.A.), a subsidiary of Constellation and the indirect owner of 100% of TSS at the time of the acquisition. Total proceeds from this transaction was €39 million (\$49 million).

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

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

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

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

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

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

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

The Company has continued to classify the above obligations of CSI under the terms of the IRGA as a liability. The main valuation driver in such calculation is the maintenance and other recurring revenue of Topicus. The valuation of CSI’s obligations under the IRGA is also impacted by the change in the net tangible assets of Topicus (as defined under the IRGA). As the net tangible assets increase (which is typically the result of net profits in the applicable period), the valuation of CSI’s obligations under the IRGA increases. Maintenance and recurring revenue of Topicus for the trailing twelve months on a pro-forma basis determined at the end of the current reporting period was used as the basis for valuing the interests at each redemption date. Any increase or decrease in the value of such liability is recorded as an expense or income in the consolidated statements of income (loss) for the period.

In addition, the liability of CSI under the terms of the IRGA is impacted by changes in the fair value of Topicus’ investment in the equity securities of Sygnity and Asseco as determined by their respective share prices at the end of each reporting.

The liability recorded on the balance sheet at December 31, 2025 was \$1,234 million.

Debt without recourse to CSI

Certain of CSI's subsidiaries have entered into term debt facilities and revolving credit facilities with various financial institutions. Except as noted above, CSI does not guarantee the debt of its subsidiaries, nor are there any cross-guarantees between subsidiaries. The credit facilities are collateralized by substantially all of the assets of the borrowing entity and its subsidiaries. The credit facilities typically bear interest at a rate calculated using an interest rate index plus a margin. The financing arrangements for each subsidiary typically contain certain restrictive covenants, which may include limitations or prohibitions on additional indebtedness, payment of cash dividends, redemption of capital, capital spending, making of acquisitions and sales of assets. In addition, certain financial covenants must be met by those subsidiaries that have outstanding debt. During Q4 2025, the Company breached a debt covenant associated with a Term loan in one of its subsidiaries. The aggregate value of the loan at December 31, 2025 is \$51 million and the loan has been classified as a current liability. The breach related to administrative requirements relating to holding a certain amount of cash in the ring-fenced entity and was unrelated to the financial performance of the entity. CSI subsequently transferred the required cash, which amounted to \$2 million, to the entity in the ring-fence and is now expecting to receive a formal waiver from the lender in 2026.

In conjunction with the acquisition of Optimal Blue, the Company entered into a promissory note agreement ("Promissory Note") with the seller, Intercontinental Exchange, Inc. for \$500 million. The promissory note accrues interest at a rate of 7% per annum, is compounded annually and is payable in arrears. The first cash interest and principal payment under the Promissory Note is due on the day prior to the fifth anniversary and thereafter interest and principal payments will be due annually on the subsequent anniversaries of that date. The promissory note matures in 2063, subject to earlier optional prepayment.

Debt without recourse to CSI comprises the following (\$ in millions):

	Topicus Revolving Credit Facility	Debt Facilities	Promissory Note	Total
Principal outstanding at December 31, 2025 (and equal to fair value)	\$ 393	\$ 1,770	\$ 500	2,663
Deduct: Carrying value of transaction costs included in debt balance	(2)	(18)	-	(21)
Carrying value at December 31, 2025	\$ 391	1,751	500	2,642
Current portion	391	200	-	591
Non-current portion	-	1,551	500	2,051

Other commitments

Commitments include operating leases for office equipment and facilities, letters of credit and performance bonds issued on our behalf by financial institutions in connection with facility leases and contracts with public sector customers. Also, occasionally we structure some of our acquisitions with contingent consideration based on the future performance of the acquired business. The fair value of contingent consideration recorded in our statement of financial position was \$215 million at December 31, 2025. Derivative assets and liabilities relate to contractual arrangements of the Company which have uncertain outcomes. If the probability of the outcomes associated with the contractual arrangements increases, the underlying value of the derivative will increase. If the probability of the outcomes decreases, the underlying value of the derivative will decrease. Assuming a probability of 100% and utilizing the observable inputs as of December 31, 2025, the maximum exposure of the Company's derivative liabilities is approximately \$79 million as of December 31, 2025. Aside from the aforementioned, we do not have any other business arrangements, derivative financial instruments, or any equity interests in non-consolidated entities that would have a significant effect on our assets and liabilities as at December 31, 2025.

Contractual obligations at December 31, 2025 are summarized below.

(in millions of dollars)

	Total	< 1 yr	1-5 yrs	> 5 yrs
Lease obligations	462	149	276	36
Holdbacks	432	224	208	-
Liability of CSI under the terms of the IRGA/TSS Members Agreement	1,234	775	458	-
Debentures	361	-	-	361
Term Loan	87	-	87	-
CSI revolving credit facility	-	-	-	-
Senior Notes	1,000	-	500	500
Topicus revolving credit facility without recourse to Constellation Software Inc.	393	393	-	-
Promissory note	500	-	11	489
Other debt facilities without recourse to Constellation Software Inc.	1,770	199	1,436	134
Total outstanding commitments	6,239	1,741	2,977	1,520

The IRGA liability commitment assumes that the Joday Group has exercised their put option to sell 100% of their interests back to Constellation. This option however has not been exercised as at March 9, 2026. See note 11 to the Annual Consolidated Financial Statements for the year ended December 31, 2025 for a discussion on the valuation methodology utilized.

Financial Instruments

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

Financial assets and financial liabilities measured at fair value as at December 31, 2025 and December 31, 2024 in the Annual Consolidated Financial Statements for the year ended December 31, 2025 are summarized below. The Company has no additional financial liabilities measured at fair value after initial recognition other than those recognized in connection with business combinations and the redeemable preferred securities.

	December 31, 2025				December 31, 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Equity securities	\$ 64	\$ -	\$ -	\$ 64	\$ 27	\$ -	\$ -	\$ 27
Derivatives	-	-	9	9	-	-	-	-
	64	-	9	73	27	-	-	27
Liabilities:								
Contingent consideration	-	-	215	215	-	-	174	174
Derivatives	-	-	8	8	-	-	-	-
	-	-	223	223	-	-	174	174

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

Foreign Currency Exposure

We operate internationally and have foreign currency risks related to our revenue, operating expenses, assets and liabilities denominated in currencies other than the U.S. dollar. Consequently, we believe movements in the foreign currencies in which we transact will impact future revenue and net income. The impact to organic

revenue growth for the three and twelve months ended December 31, 2025 was approximately positive 3% and 1% respectively. We cannot predict the effect of foreign exchange gains or losses in the future; however, if significant foreign exchange losses are experienced, they could have a material adverse effect on our business, revenues, results of operations, and financial condition. The Company enters into forward foreign exchange contracts from time to time with the objective of mitigating volatility in profit or loss in respect of financial liabilities. In entering into these forward exchange contracts, the Company is exposed to the credit risk of the counterparties to such contracts and the possibility that the counterparties will default on their payment obligations under these contracts. However, given that the counterparties are Schedule 1 banks or affiliates thereof, the Company believes these risks are not material. During the twelve months ended December 31, 2025, the Company did not purchase any contracts of this nature.

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

Currencies	Three Months Ended December 31, 2025		Year Ended December 31, 2025	
	% of Revenue	% of Expenses	% of Revenue	% of Expenses
USD	46%	41%	49%	44%
EUR	22%	23%	20%	21%
GBP	8%	8%	8%	8%
CAD	5%	7%	5%	7%
AUD	4%	4%	4%	4%
BRL	3%	3%	3%	3%
CHF	1%	2%	1%	2%
SEK	1%	1%	1%	1%
Others	9%	11%	8%	10%
Total	100%	100%	100%	100%

Due to rounding, certain totals may not foot.

Off-Balance Sheet Arrangements

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

Proposed Transactions

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

Critical Accounting Estimates

General

The preparation of our consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. Our estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Our ongoing evaluation of these estimates forms the basis for making judgments about the carrying values of assets and liabilities and the reported amount of revenues and expenses, in cases where they are not readily ascertainable from other sources. Actual amounts may differ from these estimates under different assumptions or conditions.

Our significant accounting policies are fully described in Note 3 to our annual consolidated financial statements which are available on SEDAR (www.sedarplus.ca). Certain accounting policies are particularly important to the reporting of our financial position and results of operations, and require the application of significant judgment by our management. An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different, estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could have a material impact on the financial statements. Management believes the following critical accounting policies reflect the more significant estimates and assumptions used in the preparation of our consolidated financial statements. We believe that there have been no significant changes in our critical accounting estimates for the years presented in our consolidated financial statements.

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. Professional service revenue consists of fees charged for implementation services, custom programming, product training, certain managed services, and consulting. Hardware and other revenue includes the resale of third party hardware as part of customized solutions, as well as sales of hardware assembled internally and the reimbursement of travel costs. Maintenance and other recurring revenue primarily consists of fees charged for customer support on software products post-delivery and also includes recurring fees derived from combined software/support contracts, transaction revenues, managed services associated with CSI software that has been sold to the customer, and hosted software-as-a-service products.

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 Constellation'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 standalone selling price.

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. Professional services revenue also includes managed services not associated with CSI software. 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.

Valuation of Identifiable Goodwill and Other Intangible Assets

Acquisitions have been accounted for using the acquisition method required by IFRS 3. 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 excess of the consideration transferred less the assets and liabilities acquired is negative, a bargain purchase gain is recognized immediately in profit or loss. Transaction costs that the Company incurs in connection with a business combination are expensed as incurred.

We use the income approach to value acquired technology and customer related intangible assets, which are the two material intangible asset categories reported in our financial statements.

The income approach is a valuation technique that calculates the fair value of an intangible asset based on the cash flows that the asset can be expected to generate over its remaining useful life. We utilize the discounted cash flow ("DCF") methodology which is a form of the income approach that begins with a forecast of the annual cash flows 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 asset.

Specifically, we rely on the relief-from-royalty method to value the acquired technology and the multiple-period excess earnings method ("MEEM") 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 costs 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.

Goodwill is initially recorded when the purchase price paid for an acquisition exceeds the fair value assigned to the net identifiable tangible and intangible assets acquired. Goodwill is not amortized but rather it is periodically assessed for impairment.

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. We perform an annual review in the fourth quarter of each fiscal year, or more frequently if indicators of potential impairment exist, to determine if the recorded goodwill is impaired. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee. No such losses 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 and are one level below the six operating groups (Volaris, Harris, Topicus, Jonas, Perseus, and Vela Operating Groups). 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 Company's 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 of 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.

We also review the carrying value of amortizable intangible assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash

flows expected to result from its use and eventual disposition. Any change in estimate which causes the undiscounted expected future cash flows to be less than the carrying value, would result in an impairment loss being recognized equal to the amount by which the carrying value of the asset exceeds the fair value of the asset.

Accounting for Income Taxes

Significant management judgment is required in determining our provision for income taxes, our income tax assets and liabilities, and any valuation allowance recorded against our net income tax assets. We operate in multiple geographic jurisdictions, and to the extent that we have profits in each jurisdiction, these profits are taxed pursuant to the tax laws of their jurisdiction. Our effective tax rate may be affected by changes in, or interpretations of, tax laws in any given jurisdiction, the level of profitability, utilization of net operating losses and tax credit carry forwards, changes in geographical mix of income and expense, and changes in management's assessment of matters, such as the ability to realize future tax assets. As a result of these considerations, we must estimate our income taxes in each of the jurisdictions in which we operate on a quarterly basis. This process involves estimating our actual current tax exposures, together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in future tax assets and liabilities, which are included in our consolidated balance sheet.

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 we intend 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.

We are subject to income tax audits by various authorities in respect of prior periods that could result in additional tax expense in future periods. While the outcome of current outstanding actions and claims remains uncertain, it is expected that they will be resolved without a material impact to our financial position. However, there can be no assurances as to the final resolution of these matters and, if the final outcome is adverse to us, the amounts we will be required to pay and the loss of certain future tax deductions could be material to our financial statements.

Accounts Receivable

We evaluate the collectability of our trade 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.

Work In Progress

For revenue arrangements that are accounted for under the percentage of completion method as well as other arrangements and contracts which limit our ability to invoice at certain milestones that do not match the timing of the actual provision of the services, we record such revenue and the related unbilled receivable in work in process. Similar to accounts receivable, we constantly have to evaluate our ability to bill and subsequently collect any amounts contained in the work in progress accounts. We review these balances on a periodic basis to ensure customer balances are prudent based upon a variety of factors, such as the financial health of the customer, macroeconomic considerations and historical experience. If circumstances related to specific customers change, our estimates of the recoverability of work in progress may be further adjusted.

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.

We are currently involved in various claims and legal proceedings. Quarterly, we review the status of each significant matter and assess our potential financial exposure. Because of the uncertainties related to these matters, provisions are based only on the best information available at the time. As additional information becomes available, we reassess the potential liability related to our pending claims and litigation and, if necessary, revise our provisions. Such revisions in the estimates of the potential liabilities could have a material impact on our results of operations and financial position.

Share Capital

As at March 9, 2026, there were 21,191,530 common shares outstanding.

Risks and Uncertainties

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

Many of our businesses use or plan to use artificial intelligence in their operations; challenges with incorporating and managing its use may result in competitive harm or adversely affect the results of our businesses.

Many of our businesses are in the process of incorporating artificial intelligence ("AI") solutions into their software, services, and operations. We expect that AI will generally continue to become more important to our company and to our customers over time. Our competitors may incorporate AI into their products, operations or services more quickly or successfully than us, develop superior products and services through the use of AI, or more

effectively develop or acquire access to AI software, services or tools, which could negatively impact our businesses' ability to compete effectively. AI may also reduce barriers to entry in the industries in which we operate, resulting in increased competition and price pressure. Further, given the rapid pace of change and highly competitive environment in connection with AI, there is an increased level of risk that the AI solutions that we develop or adopt will not be effective or commercially viable.

While we aim to develop and use AI responsibly and attempt to identify and mitigate ethical and legal issues presented by its use, AI technologies are complex and rapidly evolving. The use of AI in our businesses may generate risks with respect to harmful content, accuracy, perceived or actual bias, discrimination, human rights claims, allegations of lack of transparency, intellectual property infringement or misappropriation, breach of contract, data privacy, cyber security and misuse of personal or protected information, among others. The use of AI within our software products and our operations also bring the possibility of new or enhanced governmental or regulatory scrutiny, legal liabilities, or ethical concerns that could adversely affect our operations, reputation, or financial results. The rapidly evolving patchwork of existing and proposed laws and regulatory frameworks – and general regulatory uncertainty – further expose us to challenges, uncertainties and additional costs in relation to legal and regulatory compliance.

Controls and Procedures

Disclosure controls and procedures:

Management is responsible for establishing and maintaining disclosure controls and procedures as defined under National Instrument 52-109. At December 31, 2025, the President and Chief Financial Officer, based on the investigation and advice of those under their supervision, have concluded that the design and operation of these disclosure controls and procedures were effective and that material information relating to the Company, including its subsidiaries, was made known to them and was recorded, processed, summarized and reported within the time periods specified under applicable securities legislation.

Internal controls over financial reporting:

The President and Chief Financial Officer have designed or caused to be designed by those under their supervision, disclosure controls and procedures which provide reasonable assurance that material information regarding the Company is accumulated and communicated to the Company's management, including its President and Chief Financial Officer in a timely manner.

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

At December 31, 2025, the President and Chief Financial Officer, based on the investigation and advice of those under their supervision, have concluded that the Company's ICFR was effective.

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

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluations of controls can

provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, our disclosure controls and procedures and our internal controls over financial reporting are effective in providing reasonable, not absolute, assurance that the objectives of our control systems have been met.

Subsequent Events

On March 6, 2026 the Company declared a \$1.00 per share dividend that is payable on April 15, 2026 to all common shareholders of record at close of business on March 27, 2026.

Subsequent to December 31, 2025, the Company completed or has open commitments to acquire a number of businesses for aggregate cash consideration of \$707 million on closing plus total estimated deferred payments of \$96 million for total consideration of \$802 million. The business acquisitions include companies catering primarily to the accounting, asset management, automotive, aviation, financial services, chemicals, communications and media, enterprise resource planning, gas monitoring, local government, healthcare, education, hospitality, insurance, legal, manufacturing, mining, policy and procedure management, planning, procurement, retail, social compliance, real estate, gaming and telematics verticals and are all software companies similar to the existing business of the Company.