

Constellation Software Inc. Announces Results for the Fourth Quarter and Year Ended December 31, 2024 and Declares Quarterly Dividend

TORONTO, ONTARIO (March 7, 2025) -- Constellation Software Inc. (TSX:CSU) (“Constellation” or the “Company”) today announced its financial results for the fourth quarter and year ended December 31, 2024 and declared a \$1.00 per share dividend payable on April 15, 2025 to all common shareholders of record at close of business on March 28, 2025. This dividend has been designated as an eligible dividend for the purposes of the Income Tax Act (Canada). Please note that all dollar amounts referred to in this press release are in U.S. Dollars unless otherwise stated.

The following press release should be read in conjunction with the Company’s annual Consolidated Financial Statements, prepared in accordance with IFRS Accounting Standards (“IFRS”) and our annual Management’s Discussion and Analysis for the year ended December 31, 2024, which can be found on SEDAR+ at www.sedarplus.com and on the Company’s website www.csisoftware.com. Additional information about the Company is also available on SEDAR+ at www.sedarplus.com.

Q4 2024 Headlines:

- Revenue grew 16% (1% organic growth, 2% after adjusting for changes in foreign exchange rates) to \$2,703 million compared to \$2,323 million in Q4 2023.
- Net income attributable to common shareholders increased 102% to \$285 million (\$13.44 on a diluted per share basis) from \$141 million (\$6.65 on a diluted per share basis) in Q4 2023.
- A number of acquisitions were completed for aggregate cash consideration of \$475 million (which includes acquired cash). Deferred payments associated with these acquisitions have an estimated value of \$144 million resulting in total consideration of \$620 million.
- Cash flows from operations (“CFO”) was \$678 million, an increase of 33%, or \$167 million, compared to \$511 million for the comparable period in 2023.
- Free cash flow available to shareholders¹ (“FCFA2S”) was \$482 million, an increase of 48%, or \$157 million compared to \$325 million for the comparable period in 2023.

2024 Headlines:

- Revenue grew 20% (2% organic growth, 2% after adjusting for changes in foreign exchange rates) to \$10,066 million compared to \$8,407 million in 2023.
- Net income attributable to common shareholders increased 29% to \$731 million (\$34.48 on a diluted per share basis) from \$565 million (\$26.67 on a diluted per share basis) in 2023.
- A number of acquisitions were completed for total consideration of \$1,792 million including holdbacks and contingent consideration.
- Cash flows from operations (“CFO”) was \$2,196 million, an increase of 23%, or \$417 million, compared to \$1,779 million for the comparable period in 2023.
- Free cash flow available to shareholders (“FCFA2S”) was \$1,472 million, an increase of 27%, or \$312 million, compared to \$1,160 million for the comparable period in 2023.

Total revenue for the quarter ended December 31, 2024 was \$2,703 million, an increase of 16%, or \$380 million, compared to \$2,323 million for the comparable period in 2023. For the year ended December 31, 2024 total revenues were \$10,066 million, an increase of 20%, or \$1,660 million, compared to \$8,407 million for the comparable period in 2023. 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 1% and 2% respectively, 2% for both periods after adjusting for the impact of changes in the valuation of the US dollar against most major currencies in which the Company transacts business. Organic growth is not a standardized financial measure and might not be comparable to measures disclosed by other issuers.

Net income attributable to common shareholders of CSI for the quarter ended December 31, 2024 was \$285 million compared to \$141 million for the same period in 2023. On a per share basis this translated into a net income per diluted share of \$13.44 in the quarter ended December 31, 2024 compared to net income per diluted share of \$6.65

1. See Non-IFRS measures.

for the same period in 2023. For the year ended December 31, 2024, net income attributable to common shareholders of CSI was \$731 million or \$34.48 per diluted share compared to \$565 million or \$26.67 per diluted share for the same period in 2023.

For the quarter ended December 31, 2024, CFO increased \$167 million to \$678 million compared to \$511 million for the same period in 2023 representing an increase of 33%. For the year ended December 31, 2024, CFO increased \$417 million to \$2,196 million compared to \$1,779 million during the same period in 2023, representing an increase of 23%.

For the quarter ended December 31, 2024, FCFA2S increased \$157 million to \$482 million compared to \$325 million for the same period in 2023 representing an increase of 48%. For the year ended December 31, 2024, FCFA2S increased \$312 million to \$1,472 million compared to \$1,160 million for the same period in 2023 representing an increase of 27%.

Forward Looking Statements

Certain statements herein may be “forward looking” statements that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Constellation or the industry to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. 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. These forward looking statements reflect current assumptions and expectations regarding future events and operating performance and are made as of the date hereof and Constellation assumes no obligation, except as required by law, to update any forward looking statements to reflect new events or circumstances.

Non-IFRS Measures

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, accordingly, readers are cautioned that FCFA2S should not be construed as an alternative to net cash flows from operating activities.

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

	Three months ended		Year ended	
	December 31,		December 31,	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	(\$ in millions)		(\$ in millions)	
Net cash flows from operating activities	678	511	2,196	1,779
Adjusted for:				
Interest paid on lease obligations	(4)	(3)	(14)	(11)
Interest paid on debt	(37)	(37)	(178)	(133)
Proceeds from sale of interest rate cap	-	-	-	5
Debt transaction costs	(3)	(2)	(16)	(5)
Payments of lease obligations	(29)	(31)	(118)	(109)
IRGA / TSS membership liability revaluation charge	(61)	(58)	(183)	(152)
Property and equipment purchased	(25)	(13)	(67)	(42)
Interest and dividends received	9	2	33	3
	<u>527</u>	<u>369</u>	<u>1,653</u>	<u>1,333</u>
Less amount attributable to Non-controlling interests	(45)	(44)	(180)	(173)
Free cash flow available to shareholders	482	325	1,472	1,160

Due to rounding, certain totals may not foot.

About Constellation Software Inc.

Constellation's common shares are listed on the Toronto Stock Exchange under the symbol "CSU". Constellation acquires, manages and builds vertical market software businesses.

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SOURCE: CONSTELLATION SOFTWARE INC.

CONSTELLATION SOFTWARE INC.

Consolidated Statements of Financial Position

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

	December 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash	\$ 1,980	\$ 1,284
Accounts receivable	1,292	1,138
Unbilled revenue	369	325
Inventories	56	51
Other assets	597	541
	4,294	3,339
Non-current assets:		
Property and equipment	223	142
Right of use assets	328	312
Deferred income taxes	219	108
Other assets	329	286
Intangible assets	7,470	6,675
	8,569	7,523
Total assets	\$ 12,863	\$ 10,862
Liabilities and Shareholders' Equity		
Current liabilities:		
Debt with recourse to Constellation Software Inc.	\$ 303	\$ 861
Debt without recourse to Constellation Software Inc.	319	225
Redeemable preferred securities	-	814
Accounts payable and accrued liabilities	1,589	1,427
Dividends payable	21	21
Deferred revenue	1,967	1,757
Provisions	22	9
Acquisition holdback payables	225	168
Lease obligations	115	112
Income taxes payable	111	89
	4,672	5,483
Non-current liabilities:		
Debt with recourse to Constellation Software Inc.	1,855	863
Debt without recourse to Constellation Software Inc.	1,689	1,385
Deferred income taxes	673	604
Acquisition holdback payables	134	88
Lease obligations	252	236
Other liabilities	300	242
	4,903	3,418
Total liabilities	9,575	8,901
Shareholders' equity:		
Capital stock	99	99
Accumulated other comprehensive income (loss)	(224)	(99)
Retained earnings	2,919	1,876
Non-controlling interests	493	85
	3,288	1,961
Total liabilities and shareholders' equity	\$ 12,863	\$ 10,862

CONSTELLATION SOFTWARE INC.

Consolidated Statements of Income (loss)

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

	Years ended December 31,	
	2024	2023
Revenue		
License	\$ 393	\$ 386
Professional services	1,975	1,766
Hardware and other	302	268
Maintenance and other recurring	7,396	5,985
	10,066	8,407
Expenses		
Staff	5,322	4,493
Hardware	169	158
Third party license, maintenance and professional services	960	810
Occupancy	64	51
Travel, telecommunications, supplies, software and equipment	502	398
Professional fees	178	151
Other, net	182	138
Depreciation	182	162
Amortization of intangible assets	1,044	859
	8,602	7,219
Foreign exchange loss (gain)	(26)	43
IRGA/TSS Membership liability revaluation charge	183	152
Finance and other expense (income)	(60)	(34)
Bargain purchase gain	(10)	(54)
Impairment of intangible and other non-financial assets	28	26
Redeemable preferred securities expense (income)	58	597
Finance costs	280	192
	452	922
Income (loss) before income taxes	1,011	265
Current income tax expense (recovery)	525	370
Deferred income tax expense (recovery)	(281)	(166)
Income tax expense (recovery)	244	204
Net income (loss)	767	62
Net income (loss) attributable to:		
Common shareholders of Constellation Software Inc.	731	565
Non-controlling interests	37	(503)
Net income (loss)	767	62
Earnings per common share of Constellation Software Inc.		
Basic and diluted	\$ 34.48	\$ 26.67

CONSTELLATION SOFTWARE INC.

Consolidated Statements of Comprehensive Income (loss)

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

	Years ended December 31,	
	2024	2023
Net income (loss)	\$ 767	\$ 62
Items that are or may be reclassified subsequently to net income (loss):		
Foreign currency translation differences from foreign operations and other, net of tax	(135)	51
Other comprehensive income (loss), net of income tax	(135)	51
Total comprehensive income (loss)	\$ 633	\$ 113
Total other comprehensive income (loss) attributable to:		
Common shareholders of Constellation Software Inc.	(119)	38
Non-controlling interests	(16)	13
Total other comprehensive income (loss)	\$ (135)	\$ 51
Total comprehensive income (loss) attributable to:		
Common shareholders of Constellation Software Inc.	612	603
Non-controlling interests	21	(490)
Total comprehensive income (loss)	\$ 633	\$ 113

CONSTELLATION SOFTWARE INC.

Consolidated Statement of Changes in Equity

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

Year ended December 31, 2024

	Equity Attributable to Common Shareholders of CSI				Non-controlling interests	Total equity
	Capital stock	Accumulated other comprehensive income (loss)	Retained earnings	Total		
Balance at January 1, 2024	\$ 99	\$ (99)	\$ 1,876	\$ 1,877	\$ 85	\$ 1,961
<i>Total comprehensive income (loss):</i>						
Net income (loss)	-	-	731	731	37	767
<i>Other comprehensive income (loss)</i>						
Foreign currency translation differences from foreign operations and other, net of tax	-	(119)	-	(119)	(16)	(135)
Total other comprehensive income (loss)	-	(119)	-	(119)	(16)	(135)
Total comprehensive income (loss)	-	(119)	731	612	21	633
Transactions with owners, recorded directly in equity						
Non-controlling interests arising from business combinations	-	-	-	-	(0)	(0)
Conversion of Lumine Special Shares to subordinate voting shares of Lumine and settlement of accrued dividend on Lumine Special Shares through the issuance of subordinate voting shares of Lumine	-	-	-	-	872	872
Conversion of Lumine Preferred Shares to subordinate voting shares of Lumine and settlement of accrued dividend on Lumine Preferred Shares through the issuance of subordinate voting shares of Lumine	-	(6)	400	394	(394)	-
Other movements in non-controlling interests	-	-	(2)	(2)	(2)	(4)
Dividends paid to non-controlling interests	-	-	-	-	(89)	(89)
Dividends to shareholders of the Company	-	-	(85)	(85)	-	(85)
Balance at December 31, 2024	\$ 99	\$ (224)	\$ 2,919	\$ 2,795	\$ 493	\$ 3,288

CONSTELLATION SOFTWARE INC.

Consolidated Statement of Changes in Equity

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

Year ended December 31, 2023

	Equity Attributable to Common Shareholders of CSI			Total	Non-controlling interests	Total equity
	Capital stock	Accumulated other comprehensive income (loss)	Retained earnings			
Balance at January 1, 2023	\$ 99	\$ (150)	\$ 1,763	\$ 1,713	\$ 221	\$ 1,933
<i>Total comprehensive income (loss):</i>						
Net income (loss)	-	-	565	565	(503)	62
<i>Other comprehensive income (loss)</i>						
Foreign currency translation differences from foreign operations and other, net of tax	-	38	-	38	13	51
Total other comprehensive income (loss)	-	38	-	38	13	51
Total comprehensive income (loss)	-	38	565	603	(490)	113
Transactions with owners, recorded directly in equity						
Special dividend of Lumine Subordinate Voting Shares	-	12	(378)	(366)	366	-
Non-controlling interests arising from business combinations					2	2
Acquisition of non-controlling interests	-	-	-	-	(2)	(2)
Conversion of Lumine Special Shares to subordinate voting shares of Lumine	-	-	-	-	5	5
Other movements in non-controlling interests	-	0	15	15	(17)	(2)
Other distributions and movements in equity		2	(4)	(3)	-	(3)
Dividends to shareholders of the Company (note 17)	-	-	(85)	(85)	-	(85)
Balance at December 31, 2023	\$ 99	\$ (99)	\$ 1,876	\$ 1,877	\$ 85	\$ 1,961

CONSTELLATION SOFTWARE INC.

Consolidated Statements of Cash Flows

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

	Years ended December 31,	
	2024	2023
Cash flows from (used in) operating activities:		
Net income (loss)	\$ 767	\$ 62
Adjustments for:		
Depreciation	182	162
Amortization of intangible assets	1,044	859
IRGA/TSS Membership liability revaluation charge	183	152
Finance and other expense (income)	(60)	(34)
Bargain purchase (gain)	(10)	(54)
Impairment of intangible and other non-financial assets	28	26
Redeemable preferred securities expense (income)	58	597
Finance costs	280	192
Income tax expense (recovery)	244	204
Foreign exchange loss (gain)	(26)	43
Depreciation of third party costs	12	-
Change in non-cash operating assets and liabilities exclusive of effects of business combinations	(45)	(36)
Income taxes paid	(460)	(394)
Net cash flows from (used in) operating activities	2,196	1,779
Cash flows from (used in) financing activities:		
Interest paid on lease obligations	(14)	(11)
Interest paid on debt	(178)	(133)
Proceeds from sale of interest rate cap	-	5
Increase (decrease) in CSI facility	(578)	256
Increase (decrease) in Topicus revolving credit debt facility without recourse to CSI	73	27
Proceeds from issuance of debentures	-	209
Proceeds from issuance of Senior Notes	1,000	-
Proceeds from issuance of debt facilities without recourse to CSI	381	447
Repayments of debt facilities without recourse to CSI	(149)	(282)
Other financing activities	(25)	(1)
Dividends paid to non-controlling interests	(89)	-
Debt transaction costs	(16)	(5)
Payments of lease obligations, net of sublease receipts	(118)	(109)
Distribution to the Joday Group	(64)	-
Principal repayments to the Joday Group pursuant to the Call Notice	(22)	-
Dividends paid to common shareholders of the Company	(85)	(85)
Net cash flows from (used in) financing activities	114	316
Cash flows from (used in) investing activities:		
Acquisition of businesses	(1,347)	(1,609)
Cash obtained with acquired businesses	164	152
Post-acquisition settlement payments, net of receipts	(336)	(238)
Purchases of investments and other assets	(8)	(23)
Proceeds from sales of other investments and other assets	7	119
Decrease (increase) in restricted cash	(14)	(2)
Interest, dividends and other proceeds received	33	4
Property and equipment purchased	(67)	(42)
Net cash flows from (used in) investing activities	(1,567)	(1,639)
Effect of foreign currency on cash	(48)	17
Increase (decrease) in cash	696	473
Cash, beginning of period	\$ 1,284	\$ 811
Cash, end of period	\$ 1,980	\$ 1,284