Consolidated Financial Statements
(In euros)

Constellation Software Netherlands Holding Coöperatief U.A.

For the years ended December 31, 2020 and 2019

KPMG

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Topicus.com Cooperatief U.A.

Opinion

We have audited the consolidated financial statements of Constellation Software Netherlands Holding Cooperatief U.A. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2020 and December 31, 2019
- the consolidated statements of income for the years ended December 31, 2020 and December 31, 2019
- the consolidated statements of comprehensive income for the years ended December 31, 2020 and December 31, 2019
- the consolidated statements of changes in members' equity for the years ended December 31, 2020 and December 31, 2019
- the consolidated statements of cash flows for the years ended December 31, 2020 and December 31, 2019
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

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

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

Other Information

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

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

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

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

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

We have nothing to report in this regard.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditors' report is Brendan Gerard Maher.

Toronto, Canada
February 10, 2021

Constellation Software Netherlands Holding Coöperatief U.A.

Consolidated Statements of Financial Position
(In thousands of euros, except per unit amounts. Due to rounding, numbers presented may not foot.)

	December 31, 2020	December 31, 2019
Assets		
Current assets:		
Cash	55,635	28,036
Accounts receivable	46,644	42,743
Unbilled revenue	12,609	9,571
Inventories	375	400
Other assets (note 5)	14,461	12,551
	129,724	93,302
Non-current assets:		
Property and equipment (note 6)	8,782	8,575
Right of use assets (note 7)	50,517	42,635
Deferred income taxes (note 14)	1,946	1,170
Other assets (note 5)	3,956	4,078
Intangible assets (note 8)	446,213	393,783
	511,415	450,242
Total assets	641,139	543,543
Liabilities and Members' Equity		
Current liabilities:		
Revolving credit facility (note 9)	19,482	49,169
Accounts payable and accrued liabilities	97,386	84,979
Deferred revenue	59,721	43,795
Provisions (note 11)	1,222	2,042
Acquisition holdback payables	12,601	5,462
Lease obligations (note 12)	13,953	11,549
Income taxes payable (note 13)	12,576	3,580
	216,941	200,576
Non-current liabilities:		
Term loan (note 10)	32,572	32,274
Deferred income taxes	79,958	71,525
Acquisition holdback payables	608	1,012
Lease obligations (note 12)	37,154	30,483
Other liabilities (note 5)	9,225	5,279
	159,518	140,572
Total liabilities	376,459	341,148
Members' equity (note 15):		
Ordinary units	59,078	59,078
Accumulated other comprehensive income (loss)	(2,113)	(714)
Retained earnings	207,715	144,031
	264,681	202,395
Subsequent events (note 26)		
Total liabilities and members' equity	641,139	543,543

See accompanying notes to the consolidated financial statements.

Constellation Software Netherlands Holding Coöperatief U.A.

Consolidated Statements of Income

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

	Years ended December 31, 2020	2019
Revenue		
License	14,395	8,068
Professional services	119,522	111,915
Hardware and other	6,192	4,677
Maintenance and other recurring	353,877	292,740
	493,986	417,399
Expenses		
Staff	254,694	217,197
Hardware	2,986	3,193
Third party license, maintenance and professional services	45,515	39,962
Occupancy	3,298	3,156
Travel, telecommunications, supplies, software and equipment	12,888	14,643
Professional fees	9,485	7,006
Other, net	4,675	7,546
Depreciation (note 6 and 7)	18,703	15,210
Amortization of intangible assets (note 8)	50,381	46,301
	402,626	354,213
Finance costs and other (note 16)	6,347	4,480
	6,347	4,480
Income before income taxes	85,013	58,707
Current income tax expense (recovery)	28,961	20,555
Deferred income tax expense (recovery)	(7,632)	(8,314)
Income tax expense (recovery)	21,329	12,241
Net income (loss)	63,684	46,466
Weighted average units (note 17)		
Basic units outstanding	59,078,027	59,078,027
Diluted units outstanding	59,078,027	61,438,835
Earnings per unit (note 17)		
Basic	1.08	0.79
Diluted	1.08	0.76

See accompanying notes to the consolidated financial statements.

Constellation Software Netherlands Holding Coöperatief U.A.

Consolidated Statements of Comprehensive Income

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

	Years ended December 31, 2020	2019
Net income	63,684	46,466
Items that are or may be reclassified subsequently to net income:		
Foreign currency translation differences from foreign operations and other	(1,398)	(207)
Other comprehensive (loss) income for the period, net of income tax	(1,398)	(207)
Total comprehensive income (loss) for the period	62,285	46,258

See accompanying notes to the consolidated financial statements.

Constellation Software Netherlands Holding Coöperatief U.A.

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

Year ended December 31, 2020	Ordinary units	Accumulated other comprehensive (loss) income	Retained earnings	Total
		Cumulative translation account and other		
Balance at January 1, 2020	**59,078**	**(714)**	**144,031**	**202,395**
Total comprehensive income for the period:				
Net income	-	-	63,684	63,684
Other comprehensive income (loss)				
Foreign currency translation differences from foreign operations and other	-	(1,398)	-	(1,398)
Total other comprehensive income (loss) for the period	**-**	**(1,398)**	**-**	**(1,398)**
Total comprehensive income (loss) for the period	**-**	**(1,398)**	**63,684**	**62,285**
Balance at December 31, 2020	**59,078**	**(2,113)**	**207,715**	**264,681**

See accompanying notes to the consolidated financial statements.

Constellation Software Netherlands Holding Coöperatief U.A.

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

Year ended December 31, 2019

	Ordinary Units	Accumulated other comprehensive (loss) income Cumulative translation account and other	Retained earnings	Total
Balance at January 1, 2019	**59,078**	**(507)**	**97,236**	**155,806**
Total comprehensive income for the period:				
Net income	-	-	46,466	46,466
Other comprehensive income (loss)				
Foreign currency translation differences from foreign operations and other	-	(207)	-	(207)
Total other comprehensive income (loss) for the period	**-**	**(207)**	**-**	**(207)**
Total comprehensive income (loss) for the period	**-**	**(207)**	**46,466**	**46,258**
Capital contribution			330	330
Balance at December 31, 2019	**59,078**	**(714)**	**144,031**	**202,395**

See accompanying notes to the consolidated financial statements.

Constellation Software Netherlands Holding Coöperatief U.A.

Consolidated Statements of Cash Flows

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

	Years ended December 31,	
	2020	2019
Cash flows from operating activities:		
Net income	63,684	46,466
Adjustments for:		
Depreciation	18,703	15,210
Amortization of intangible assets	50,381	46,301
Finance costs and other	6,347	4,480
Income tax expense (recovery)	21,329	12,241
Change in non-cash operating assets and liabilities exclusive of effects of business combinations (note 24)	11,209	8,290
Income taxes (paid) received	(19,787)	(11,620)
Net cash flows from operating activities	151,866	121,366
Cash flows from (used in) financing activities:		
Interest paid on lease obligations	(952)	(777)
Interest paid on other facilities	(4,643)	(2,450)
Increase (decrease) in Revolving credit facility	(30,000)	5,000
Proceeds from issuance of term loan	-	34,000
Repayments of other debt facilities	-	(749)
Credit facility transaction costs	-	(1,775)
Payments of lease obligations	(13,776)	(10,389)
Repayment of preferred units classified as a liability	-	(9,723)
Repayment of unitholder loans	(647)	(19,487)
Net cash flows from (used in) in financing activities	(50,018)	(6,350)
Cash flows from (used in) investing activities:		
Acquisition of businesses (note 4)	(85,390)	(114,876)
Cash obtained with acquired businesses (note 4)	19,690	21,737
Post-acquisition settlement payments, net of receipts	(7,011)	(5,787)
Purchases of other investments	-	(480)
Interest, dividends and other proceeds received	870	-
Property and equipment purchased	(2,408)	(2,565)
Net cash flows from (used in) investing activities	(74,249)	(101,970)
Effect of foreign currency on cash and cash equivalents	0	0
Increase (decrease) in cash	27,599	13,046
Cash, beginning of period	28,036	14,990
Cash, end of period	55,635	28,036

See accompanying notes to the consolidated financial statements.

Notes to the consolidated financial statements

1. Reporting entity

Constellation Software Netherlands Holding Coöperatief U.A. (“CSNH” or "Topicus") is a company domiciled in the Netherlands. The address of CSNH’s registered office is Singel 25, 7411 HW Deventer, the Netherlands. The consolidated financial statements of CSNH as at and for the fiscal years ended December 31, 2020 and December 31, 2019 comprise CSNH and its subsidiaries (together referred to as the "Company") and the Company's interest in associates. The Company is engaged principally in the development, installation and customization of software and in the provision of related professional services and support for customers across over 20 diverse markets primarily in Europe.

2. Basis of presentation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), issued and outstanding as of February 10, 2021, the date the Board of Directors approved such financial statements.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

Note 3(k) - Revenue recognition
Note 3(a)(i) - Business combinations
Note 3(m) - Income taxes

Note 3(i) - Impairment
Note 3(d) - Intangible assets
Note 22 - Contingencies

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

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

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

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

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

3. Significant accounting policies

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

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

(a) Basis of consolidation

(i) Business combinations

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

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

(ii) Consolidation methods

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

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

(iii) Transactions eliminated on consolidation

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

(b) Foreign currency translation

(i) Foreign currency transactions

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

(ii) Foreign operations

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

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which its substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income in the cumulative amount of foreign currency translation differences. If, and when, settlement plans change or deemed likely to occur, then the accounting process in (b)(i) above is applied. When a foreign operation payable or receivable classified as a net investment is partially or fully disposed, the proportionate share of the cumulative amount in the translation reserve related to that foreign operation is transferred to profit or loss as part of the profit or loss on disposal. The Company has elected not to treat repayments of monetary items receivable or payable to a foreign operation as a disposition.

(c) Financial Instruments

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

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

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

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

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

(d) Intangible assets

(i) Goodwill

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

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

(ii) Acquired intangible assets

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

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

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

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

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

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

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

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

Technology assets	2 to 10 years
Customer assets	2 to 10 years
Trademarks	2-5 years

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

(iii) Research and development

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

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

For the year ended December 31, 2020, EUR 65,838 (2019 – EUR 53,036) of research and development costs have been expensed in profit or loss. These costs are net of estimated investment tax credits, recognized as part of other, net expenses through profit or loss of EUR 3,574 for the year ended December 31, 2020 (2019 – EUR 2,379).

(e) Property and equipment

(i) Recognition and measurement

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

(ii) Depreciation

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

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

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

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

(f) Inventories

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

(g) Unbilled revenue

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

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

(h) Other non-current liabilities

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

(i) Impairment

(i) Financial assets (including receivables)

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

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

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

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

(ii) Non-financial assets

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

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

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

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

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

(j) Provisions

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

(k) Revenue recognition

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

Contracts with multiple products or services

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

Where a contract consists of more than one performance obligation, revenue is allocated to each based on their estimated SSP.

Nature of products and services

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

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

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

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

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

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

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

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

Costs to Obtain a Contract

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

(l) Finance income and finance costs

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

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

(m) Income taxes

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

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

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

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

(n) Investment tax credits

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

(o) Segment Reporting

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

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

(p) Earnings per unit

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

(q) Short-term employee benefits

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

(r) Leases

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

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

4. Business acquisitions

During the year ended December 31, 2020, the Company completed a number of acquisitions for aggregate cash consideration of EUR 85,390 plus cash holdbacks of EUR 13,629 and contingent consideration with an estimated fair value of EUR 2,193 resulting in total consideration of EUR 101,212. The contingent consideration is payable on the achievement of certain financial targets in the post-acquisition periods. The obligation for contingent consideration for acquisitions during the year ended December 31, 2020 has been recorded at its estimated fair value at the various acquisition dates. The estimated fair value of the applicable contingent consideration is calculated using the estimated financial outcome and resulting expected contingent consideration to be paid and inclusion of a discount rate as appropriate. For these arrangements, the estimated increase to the initial consideration is not expected to exceed EUR 2,782. Aggregate contingent consideration of EUR 3,641 (December 31, 2019 – EUR 2,344) has been reported in the condensed consolidated interim statement of financial position at its estimated fair value relating to applicable acquisitions completed in the current and prior periods. Changes made to the estimated fair value of contingent consideration are included in other, net in the condensed consolidated interim statements of income. A recovery of EUR 35 has been recorded for the year ended December 31, 2020, as a result of such changes (expense of EUR 477 for the year ended December 31, 2019).

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

The acquisitions during the year ended December 31, 2020 include software companies catering to the following markets: healthcare, education, trade unions, manufacturing plant performance, retail management and distribution, textiles and apparel, marine asset management, real estate brokers and agents, local government, accounting, human capital, and computerized maintenance management systems, all of which are software businesses similar to existing businesses operated by the Company. The acquisitions have been accounted for using the acquisition method with the results of operations included in these consolidated financial statements from the date of each acquisition.

The goodwill recognized in connection with these acquisitions is primarily attributable to the application of the Company's best practices to improve the operations of the companies acquired, other intangibles that do not qualify for separate recognition including assembled workforce, and synergies with existing businesses of the Company. Goodwill in the amount of EUR 80 is expected to be deductible for income tax purposes.

The gross contractual amounts of acquired receivables was EUR 10,213; however, the Company has recorded an allowance of EUR 233 as part of the acquisition accounting to reflect contractual cash flows that are not expected to be collected.

Due to the complexity and timing of certain acquisitions made, the Company is in the process of determining and finalizing the estimated fair value of the net assets acquired as part of the acquisitions closed during the year. The amounts determined on a provisional basis generally relate to net asset assessments and measurement of the assumed liabilities, including acquired contract liabilities. The cash consideration associated with these provisional estimates totals EUR 85,390.

The aggregate impact of acquisition accounting applied in connection with business acquisitions in the year ended December 31, 2020 is as follows:

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

Assets acquired:	
Cash	19,690
Accounts receivable	9,980
Other current assets	6,156
Property and equipment	2,489
Other non-current assets	10,069
Deferred income taxes	1,525
Technology assets	39,048
Customer assets	43,513
	132,471
Liabilities assumed:	
Current liabilities	15,972
Deferred revenue	9,680
Deferred income taxes	19,060
Other non-current liabilities	8,379
	53,092
Goodwill	21,833
Total consideration	**101,212**

The 2020 business acquisitions contributed revenue of EUR 35,144 and a net loss EUR 703 during the year ended December 31, 2020. If these acquisitions had occurred on January 1, 2020, the Company estimates that consolidated revenue would have been EUR 548,328 and consolidated net income for the year ended December 31, 2020 would have been EUR 60,653 as compared to the amounts reported in the statement of income for the same period. In determining these amounts, the Company has assumed that the fair values of the net assets acquired that were estimated and accounted for on the dates of acquisition would have been the same as if the acquisitions had occurred on January 1, 2020. The net income from acquisitions includes the associated amortization of acquired intangible assets recognized as if the acquisitions had occurred on January 1, 2020.

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

5. Other assets and liabilities

(a) Other assets

	December 31, 2020	December 31, 2019
Prepaid and other current assets	11,891	9,574
Sales tax receivable	624	480
Equity securities held for trading	2	480
Other receivables	1,943	2,018
Total other current assets	14,461	12,551
Costs to obtain a contract	231	379
Non-current trade and other receivables and other assets	3,623	3,605
Equity accounted investees	103	95
Total other non-current assets	3,956	4,078

(b) Other liabilities

	December 31, 2020	December 31, 2019
Contingent consideration	3,430	1,453
Deferred revenue	919	1,981
Other non-current liabilities	4,876	1,845
Total other non-current liabilities	9,225	5,279

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Notes to Consolidated Financial Statements
(In thousands of euros, except per unit amounts and as otherwise indicated.)
(Due to rounding, numbers presented may not foot.)
Years ended December 31, 2020 and 2019

6. Property and equipment

	Computer hardware	Computer software	Furniture and equipment	Leasehold improvements	Total
Cost					
Balance at January 1, 2019	10,167	3,836	3,107	3,501	20,611
Additions	1,552	420	334	259	2,565
Acquisitions through business combinations	713	96	906	495	2,210
Disposals / retirements / reclassifications / other	(3,227)	(1,500)	(883)	(610)	(6,220)
Balance at December 31, 2019	9,204	2,852	3,464	3,646	19,167
Balance at January 1, 2020	9,204	2,852	3,464	3,646	19,167
Additions	1,713	430	176	89	2,408
Acquisitions through business combinations	1,239	247	582	370	2,438
Disposals / retirements / reclassifications / other	3,214	4,998	(770)	(86)	7,356
Balance at December 31, 2020	15,371	8,528	3,452	4,020	31,370
Depreciation and impairment losses					
Balance at January 1, 2019	5,748	2,787	1,555	2,243	12,334
Depreciation charge for the year	2,539	703	754	482	4,478
Disposals / retirements / reclassifications / other	(3,283)	(1,641)	(732)	(564)	(6,220)
Balance at December 31, 2019	5,004	1,849	1,578	2,161	10,592
Balance at January 1, 2020	5,004	1,849	1,578	2,161	10,592
Depreciation charge for the year	2,595	669	848	527	4,639
Disposals / retirements / reclassifications / other	3,092	4,995	(667)	(62)	7,357
Balance at December 31, 2020	10,691	7,512	1,758	2,626	22,588
Carrying amounts:					
At January 1, 2019	4,418	1,050	1,551	1,258	8,278
At December 31, 2019	4,200	1,003	1,886	1,485	8,575
At January 1, 2020	4,200	1,003	1,886	1,485	8,575
At December 31, 2020	4,680	1,015	1,693	1,394	8,782

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

7. Right of use assets

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

	Computer hardware	Vehicles	Furniture and equipment	Building	Other	Total
Cost						
Balance at January 1, 2019	6,783	6,680	135	26,979	183	40,760
Additions	883	3,354	219	9,826	127	14,410
Acquisitions through business combinations	26	762	115	9,779	-	10,682
Disposals / retirements / reclassifications / other	(181)	(526)	(12)	(5,390)	(8)	(6,117)
Balance at December 31, 2019	7,511	10,270	457	41,194	302	59,734
Balance at January 1, 2020	7,511	10,270	457	41,194	302	59,734
Additions	652	4,392	51	9,707	20	14,822
Acquisitions through business combinations	821	1,176	141	8,814	1	10,953
Disposals / retirements / reclassifications / other	(899)	(3,283)	(60)	(11,077)	(155)	(15,473)
Balance at December 31, 2020	8,085	12,555	588	48,638	169	70,036
Depreciation and impairment losses						
Balance at January 1, 2019	1,578	1,516	35	3,378	20	6,527
Depreciation charge for the year	1,912	2,670	47	6,024	79	10,731
Disposals / retirements / reclassifications / other	(17)	(41)	-	(92)	(8)	(159)
Balance at December 31, 2019	3,472	4,145	81	9,310	91	17,099
Balance at January 1, 2020	3,472	4,145	81	9,310	91	17,099
Depreciation charge for the year	2,564	3,540	115	7,788	57	14,064
Disposals / retirements / reclassifications / other	(2,166)	(3,149)	(34)	(6,251)	(44)	(11,644)
Balance at December 31, 2020	3,870	4,535	163	10,847	104	19,519
Carrying amounts:						
At January 1, 2019	5,205	5,164	100	23,600	163	34,233
At December 31, 2019	4,039	6,126	376	31,884	211	42,635
At January 1, 2020	4,039	6,126	376	31,884	211	42,635
At December 31, 2020	4,215	8,021	425	37,791	65	50,517

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

8. Intangible assets and goodwill

	Technology Assets	Customer Assets	Trademarks	Goodwill	Total
Cost					
Balance at January 1, 2019	174,435	210,420	6,300	80,299	471,455
Acquisitions through business combinations	55,924	61,176	-	26,953	144,052
Effect of movements in foreign exchange and other	(61)	(55)	-	230	113
Balance at December 31, 2019	230,297	271,541	6,300	107,482	615,620
Balance at January 1, 2020	230,297	271,541	6,300	107,482	615,620
Acquisitions through business combinations	36,908	38,503	-	26,972	102,383
Effect of movements in foreign exchange and other	112	302	0	15	428
Balance at December 31, 2020	267,317	310,346	6,300	134,469	718,432
Accumulated amortization and impairment losses					
Balance at January 1, 2019	116,966	56,996	1,575	-	175,537
Amortization for the period	26,811	19,174	315	-	46,301
Balance at December 31, 2019	143,777	76,170	1,890	-	221,838
Balance at January 1, 2020	143,777	76,170	1,890	-	221,838
Amortization for the period	26,227	23,839	315	-	50,381
Balance at December 31, 2020	170,004	100,010	2,205	-	272,218
Carrying amounts					
At January 1, 2019	57,469	153,424	4,725	80,299	295,918
At December 31, 2019	86,520	195,371	4,410	107,482	393,783
At January 1, 2020	86,520	195,371	4,410	107,482	393,783
At December 31, 2020	97,313	210,336	4,095	134,469	446,213

Impairment testing for cash-generating units containing goodwill

The annual impairment test of goodwill was performed as of December 31, 2020 and 2019 and did not result in any significant impairment loss. For the purpose of impairment testing, goodwill is allocated to the Company's business units included in each operating segment, which represent the lowest level within the Company at which goodwill is monitored for internal purposes. There was no goodwill reallocated to the Company's CGUs that was deemed to be significant in comparison to the carrying amount of goodwill as at December 31, 2020.

The Company has four CGUs whereby the total goodwill allocated is significant in comparison to the Company's total carrying amount of goodwill. The total goodwill allocated to each of these CGUs as at December 31, 2020 is EUR 22,341, EUR 23,041, EUR 22,079 and EUR 21,954. In determining the recoverable amount, the Company applied an estimated market valuation multiple to the business unit's most recent annual recurring revenues, which are derived from combined software/support contracts, transaction revenues, and hosted products. Valuation multiples, which are Level 3 inputs, applied by the Company for this purpose reflect current market conditions specific to the business unit and are assessed for reasonability by comparison to the Company's current and past acquisition experience involving ranges of revenue-based multiples required to acquire representative software companies.

9. Revolving Credit Facility

On July 7, 2017, the Company entered into a credit facility (the "Revolving Credit Facility") with a number of European financial institutions. Under this credit facility, the Company will be able to borrow up to EUR 300,000 under a multicurrency revolving loan facility and up to EUR 50,000 under an additional uncommitted term loan facility. The Revolving Credit Facility has a term until July 7, 2024. The Revolving Credit Facility bears interest at a rate calculated at EURIBOR plus interest rate spreads based on a leverage table. The Revolving Credit Facility is collateralized by substantially all the assets owned by the Company and its subsidiaries, except for the entities secured under the Term Loan. The Revolving Credit Facility contains standard events of default which if not remedied within a cure period would trigger the repayment of any outstanding balance. As of December 31, 2020, EUR 20,000 (December 31, 2019 – EUR 50,000) had been drawn from this credit facility. Transaction costs associated with the Revolving Credit Facility have been included as part of the carrying amount of the liability and are being amortized through profit or loss using the effective interest rate method. The carrying value of the debt amounts to EUR 19,482 (December 31, 2019 – EUR 49,169) and has been classified as a short-term liability in the consolidated statement of financial position. The Company's intent is to repay the outstanding balance of the revolving credit facility within the next 12 months. As at December 31, 2020, the carrying amount of costs relating to this Revolving Credit Facility totaled EUR 518 (December 31, 2019 – EUR 831).

10. Term Loan

On August 1, 2019, the Company acquired Salvia Développement SAS ("Salvia"). On October 29, 2019 Salvia Holding SAS closed the funding with CVC Credit Partners ("CVC Credit"), amounting to EUR 34,000, to provide a long-term financial structure for Salvia (the "Term Loan"). The transaction and related debt do not form part of the Revolving Credit Facility and related conditions. Covenants and guarantees to this loan are monitored and reported based on the financial position and financial performance of Salvia.

The loan has a maturity date of October 31, 2025 and the Loan bears an interest rate between 6 – 6.75% plus EURIBOR (2019: 6.75%). Transaction costs associated with the loan have been included as part of the carrying amount of the liability and are being amortized through profit or loss using the effective interest rate method. The carrying value of the debt amounts to EUR 32,572 (December 31, 2019 – EUR 32,274). As of December 31, 2020, the carrying amount of such costs relating to this loan totalling approximately EUR 1,428 (December 31, 2019 – EUR 1,726).

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

11. Provisions

At January 1, 2020	2,042
Reversal	(715)
Provisions recorded during the period	2,375
Provisions used during the period	(2,476)
Effect of movements in foreign exchange and other	(3)
At December 31, 2020	1,222
Provisions classified as current liabilities	1,222
Provisions classified as other non-current liabilities	-

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

12. Lease obligations

The following table presents the expected maturity of the undiscounted cash flows for lease obligations as at December 31, 2020:

	December 31, 2020
Less than 1 year	14,263
Between 1 and 5 years	30,546
More than 5 years	8,340
Total	53,149
Less: Impact of discounting	(2,042)
Leases obligation recorded on balance sheet	51,107

The expense relating to variable lease payments not included in the measurement of lease obligations was EUR 405 (2019 – EUR 3). This consists primarily of variable lease payments for property taxes. Expenses relating to short-term leases were EUR 804 (2019 – EUR 2,075), expenses relating to leases of low value assets were EUR 217 (2019 – EUR nil) and sublease income was EUR nil (2019 – EUR nil). Total cash outflow for leases was EUR 16,154 (2019 – EUR 13,244).

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

13. Income taxes

(a) Tax recognized in profit or loss

	2020	2019
Tax recognized in profit or loss		
Current tax expense (recovery)		
Current year	29,217	22,002
Adjustment for prior years	(256)	(1,447)
	28,961	20,555
Deferred tax expense (recovery)		
Origination and reversal of temporary differences	(11,795)	(10,208)
Effect of change in future tax rates	5,411	1,737
Change in recognized temporary differences and unrecognized tax losses	(927)	(638)
Adjustment for prior years	(321)	795
	(7,632)	(8,314)
Total tax expense (recovery)	**21,329**	**12,241**

(b) Reconciliation of effective tax rate

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

	2020	2019
Net income for the year	63,684	46,466
Total tax expense	21,329	12,241
Net income before tax	85,013	58,707
Income tax expense using the Company's statutory tax rate of 25% (2019 - 25%)	21,252	14,677
Impact on taxes from:		
Foreign tax rate differential	(338)	143
Other, including non deductible expenses and non taxable income	162	287
R&D and other allowances	(3,656)	(3,313)
Change in recognized temporary differences and unrecognized tax losses	(927)	(638)
Effect of change in future tax rates	5,411	1,737
Under (over) provisions in prior years	(576)	(652)
	21,329	12,241

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

14. Deferred tax assets and liabilities

(a) Unrecognized deferred tax liabilities

The aggregate amount of temporary differences associated with investments in subsidiaries for which we have not recognized deferred tax liabilities is EUR 35,666 (2019: EUR 35,681) as the Company ultimately controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future. The temporary differences relate to undistributed earnings of the Company's subsidiaries. Dividends declared would be subject to withholding tax in the range of 0-15% depending on the jurisdiction of the subsidiary.

(b) Unrecognized deferred tax assets

	2020	2019
Non capital tax losses	1,074	4,370

Non-capital tax losses of EUR 943 (2019 – 4,370 EUR) can be carried forward indefinitely. The deductible temporary differences and capital losses do not expire under current tax legislation. Deferred tax assets have not been recognized in respect of those items because it is not probable that future taxable profit will be available in those jurisdictions against which the Company can utilize these benefits.

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

(c) Recognized deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2020	2019	2020	2019	2020	2019
Property, plant and equipment	393	479	-	-	393	479
Intangible assets	-		(75,604)	(73,043)	(75,604)	(73,043)
Reserves	-	581	-	-	-	581
Non capital loss carryforwards	1,887	1,045	-	-	1,887	1,045
SR&ED expenditure pool	-	377	(6,319)	-	(6,319)	377
Other, including capital losses, withholding tax and foreign exchange	1,630	207	-	-	1,630	207
Tax assets (liabilities)	3,911	2,688	(81,923)	(73,043)	(78,012)	(70,355)
Reclassification	(1,965)	(1,518)	1,965	1,518		
Net tax assets (liabilities)	1,946	1,170	(79,958)	(71,525)	(78,012)	(70,355)

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

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

(d) Movement in deferred tax balances during the year

	Balance January 1, 2020	Recognized in profit or loss	Acquired in business combinations	Other	Balance December 31, 2020
Property, plant and equipment	479	(45)	(40)	-	393
Intangible assets	(73,043)	14,615	(17,176)	-	(75,604)
Reserves	581	(581)	-	-	-
Non-capital loss carryforwards	1,045	503	339	-	1,887
SR&ED expenditure pool	377	(7,704)	1,008	-	(6,319)
Other, including capital losses and withholding tax	207	844	164	414	1,630
	(70,355)	7,632	(15,705)	414	(78,012)

	Balance January 1, 2019	Recognized in profit or loss	Acquired in business combinations	Other	Balance December 31, 2019
Property, plant and equipment	457	12	9	-	479
Intangible assets	(51,871)	8,149	(29,321)	-	(73,043)
Reserves	579	2	-	-	581
Non-capital loss carryforwards	1,448	(410)	6	-	1,045
SR&ED expenditure pool	-	358	19	-	377
Other, including capital losses, withholding tax and foreign exchange	-	203	-	4	207
	(49,386)	8,314	(29,287)	4	(70,355)

15. Members' equity

Ordinary Units

The Company's authorized ordinary units, amounting to EUR 59,078 (2019: EUR 59,078), consist of 59,078,027 ordinary units of EUR 1.00 each.

	Ordinary Units	
	Number	Amount
December 31, 2020	59,078,027	59,078
December 31, 2019	59,078,027	59,078

Accumulated other comprehensive income (loss)

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

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

Cumulative translation account

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

16. Finance costs and other

	Years ended December 31,	
	2020	2019
Interest expense on debt	4,271	2,729
Interest expense on lease obligations	952	776
Amortization of debt related transaction costs	611	411
Bargain purchase gain	-	(241)
Share in net (income) loss of equity investee	(107)	(23)
Foreign exchange loss (gain)	(135)	(35)
Other finance costs (income)	755	862
Finance costs and other	6,347	4,480

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

17. Earnings per unit

Basic and diluted earnings per unit

	Years ended December 31,	
	2020	2019
Basic earnings per unit:		
Numerator:		
Net income	63,684	46,466
Denominator:		
Basic units outstanding	59,078,027	59,078,027
Earnings per unit		
Basic	1.08	0.79
Diluted earnings per unit:		
Numerator:		
Net income	63,684	46,466
Imputed interest on convertible units	-	330
Net income to be used for diluted earnings per unit	63,684	46,796
Denominator:		
Basic units outstanding	59,078,027	59,078,027
Effect of dilutive units	-	2,360,808
Diluted units outstanding	59,078,027	61,438,835
Earnings per unit		
Diluted	1.08	0.76

18. Capital risk management

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

The Company is subject to certain covenants on its Revolving Credit Facility. The covenants include a leverage ratio and an interest coverage ratio. The Term Loan is also subject to certain covenants. The Company monitors the ratios on a quarterly basis. As at December 31, 2020 and 2019, the Company is in compliance with its debt covenants. Other than the covenants required for the Revolving Credit Facility and the Term Loan, the Company is not subject to any externally imposed capital requirements.

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

19. Financial risk management and financial instruments

Overview

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

Market risk

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

The Company is exposed to interest rate risk on the utilized portion of its Revolving Credit Facility and does not currently hold any financial instruments that mitigate this risk. If there was a 1% increase in the interest rate on the Revolving Credit Facility, there would be a corresponding decrease in income before tax of EUR 200. There would be an equal and opposite impact if there was a 1% decrease in the interest rate.

The Company is also exposed to interest rate risk on the utilized portion of the Term Loan. If there was a 1% increase in the interest rate on the Term Loan, there would be a corresponding decrease in income before tax of EUR 340. There would be an equal and opposite impact if there was a 1% decrease in the interest rate.

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

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost. The Company manages liquidity risk through the management of its capital structure and financial leverage, as outlined in note 18 to the consolidated financial statements. The Company's growth is financed through a combination of cash flows from operations and borrowing under the Revolving Credit Facility and the Term Loan. One of the Company’s primary goals is to maintain an optimal level of liquidity through the active management of its assets and liabilities as well as its cash flows from operations. The details of the Company’s Revolving Credit Facility and the Term Loan are disclosed in note 9 and note 10 to the consolidated financial statements. As at December 31, 2020, available credit in respect of the Company's Revolving Credit facility was EUR 265,018.

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

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

Credit risk

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

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

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

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

The aging of accounts receivables at the reporting date was:

	December 31, 2020	December 31, 2019
Current		
Gross	43,157	38,723
Impairment	(94)	(131)
Net	43,063	38,592
90-180 days		
Gross	2,340	2,757
Impairment	(95)	(266)
Net	2,246	2,491
More than 180 days		
Gross	3,867	3,863
Impairment	(2,531)	(2,203)
Net	1,335	1,660
Total accounts receivable		
Gross	49,364	45,343
Impairment	(2,720)	(2,600)
Net	46,644	42,743

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

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

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

	2020	2019
Aggregate balance at January 1	2,600	1,819
Increase from business acquisitions	233	945
Impairment loss recognized	1,945	1,922
Impairment loss reversed	(1,686)	(1,731)
Amounts written off	(368)	(356)
Other movements	(4)	0
Aggregate balance at December 31	2,720	2,600
Allowance for doubtful accounts arising from business combinations	267	941

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

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

Fair values versus carrying amounts

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

Reconciliation of cash flows from financing activities

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

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

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

	Revolving Credit Facility	Term Loan	Loan payable to CSI	Preferred Units	Lease liability
Balance at January 1, 2019	43,808	-	20,134	9,723	33,440
Proceeds from issuance of term debt facilities	-	34,000	-	-	-
Repayments of related party loan balances	-	-	(19,487)	(9,723)	-
Increase (decrease) in the Revolving Credit Facility	5,000	-	-	-	-
Payments of lease obligations	-	-	-	-	(10,389)
Credit facility transaction costs	-	(1,775)	-	-	-
Total financing cash flow activities	5,000	32,225	(19,487)	(9,723)	(10,389)
Imputed interest expense	-	-	220	110	-
Capital contribution	-	-	(220)	(110)	-
Amortization of debt related transaction costs	362	49	-	-	-
New leases, net of terminations and modifications	-	-	-	-	18,979
Total financing non-cash activities	362	49	-	-	18,979
Balance at December 31, 2019	49,170	32,274	647	-	42,031

Fair value hierarchy

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

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

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

Financial assets and financial liabilities measured at fair value as at December 31, 2020 and December 31, 2019 in the financial statements are summarized below. The Company has no additional financial liabilities measured at fair value initially other than those recognized in connection with business combinations.

	December 31, 2020				**December 31, 2019**			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:								
Equity securities held for trading	2	-	-	2	480	-	-	480
	2	**-**	**-**	**2**	**480**	**-**	**-**	**480**
Liabilities:								
Contingent consideration	-	-	3,641	3,641	-	-	2,344	2,344
	-	**-**	**3,641**	**3,641**	**-**	**-**	**2,344**	**2,344**

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

There were no transfers of fair value measurements between level 1, 2 and level 3 of the fair value hierarchy in the years ended December 31, 2020 and 2019.

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

Balance at January 1, 2020	2,344
Increase from business acquisitions	2,193
Cash recoveries (payments)	(841)
Charges through profit or loss	(63)
Foreign exchange and other movements	7
Balance at December 31, 2020	3,641
Contingent consideration classified as current liabilities	211
Contingent consideration classified as other non-current liabilities	3,430

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

20. Revenue

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

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

Unbilled Revenue:

	2020	2019
At January 1	11,964	9,589
Increase from business acquisitions	2,228	2,174
Decrease from transfers to accounts receivable	(27,100)	(21,668)
Increase from changes as a result of the measure of progress	28,445	21,881
Foreign exchange and other movements	2	(13)
At December 31	15,539	11,964
Unbilled revenue classified as a current asset	12,609	9,571
Unbilled revenue classified as a other non-current asset	2,930	2,393

Deferred Revenue:

	2020	2019
At January 1	45,775	28,934
Increase from business acquisitions	10,169	15,604
Decrease from revenue recognized that was included in the deferred revenue balance at the beginning of the period	(41,358)	(27,654)
Decrease from revenue recognized that arose from acquired deferred revenue balances in the current year	(9,585)	(15,604)
Increase due to cash received, excluding amounts recognized as revenue during the period	55,624	44,473
Foreign exchange and other movements	14	22
At December 31	60,639	45,775
Deferred revenue classified as a current liability	59,721	43,795
Deferred revenue classified as a other non-current liability	919	1,981

Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized (“contracted not yet recognized”) and includes unearned revenue and amounts that will be invoiced and recognized as revenue in future periods. Contracted not yet recognized revenue was approximately EUR 500,000 as of December 31, 2020, of which we expect to recognize an estimated 53% of the revenue over the next 12 months and the remainder thereafter.

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

Costs to obtain a contract with a customer:

The Company has capitalized and amortized incremental commission costs on a systematic basis, consistent with the pattern of transfer of the good(s) or service(s) to which the commission relates as the Company believes these costs are recoverable. The total capitalized commission costs as of December 31, 2020 is EUR 871 (December 31, 2019 – EUR 554). The amount of amortization expense for the year ended December 31, 2020 was EUR 641 (December 31, 2019 – EUR 175) and there was no impairment loss in relation to the costs capitalized.

21. Operating segments

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

Geographical information

The Company operates primarily in Europe.

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

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

Year ended December 31, 2019	The Netherlands	Rest of World	Total
Revenue	299,534	117,865	417,399
Non-current assets	275,917	174,324	450,242

Major customers

No customer represents revenue in excess of 5% of total revenue in both years ended December 31, 2020 and 2019.

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

22. Contingencies

In the normal course of operations, the Company is subject to litigation and claims from time to time. The Company may also be subject to lawsuits, investigations and other claims, including environmental, labour, income and sales tax, product, customer disputes and other matters. The Company believes that adequate provisions have been recorded in the accounts where required. Although it is not always possible to estimate the extent of potential costs, if any, the Company believes that the ultimate resolution of such contingencies will not have a material adverse impact on the results of operations, financial position or liquidity of the Company.

23. Guarantees

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

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

24. Changes in non-cash operating working capital

	Year ended December 31, 2020	Year ended December 31, 2019
Decrease (increase) in current accounts receivable	5,426	455
Decrease (increase) in current unbilled revenue	(823)	(979)
Decrease (increase) in other current assets	840	2,091
Decrease (increase) in inventories	115	(21)
Decrease (increase) in other non-current assets	165	1,135
Increase (decrease) in other non-current liabilities	(684)	(95)
Increase (decrease) in current accounts payable and accrued liabilities, excluding holdbacks from acquisitions	986	5,609
Increase (decrease) in current deferred revenue	6,004	407
Increase (decrease) in current provisions	(819)	(312)
Change in non-cash operating working capital	11,209	8,290

25. Related parties

Transactions with related parties are assumed when a relationship exists between the Company and a natural person or entity that is affiliated with the Company. This includes, amongst others, the relationship between the Company and its subsidiaries, members, directors, key management personnel and companies that are under common control of our controlling unitholder, Constellation Software Inc. ("CSI"). Transactions are transfers of resources, services or obligations, regardless whether anything has been charged. There have been no transactions with related parties that were not on a commercial basis, except from financing obtained from the shareholders of the Company, as explained below.

Transactions with CSI

The Company had a loan of EUR 19,487 payable to CSI. The loan was non-interest bearing, maturing in 2024, and could be repaid at any time by the Company. The loan was included within other liabilities as of December 31, 2018. The loan was convertible into ordinary units at a price per ordinary unit equal to two times the issue price of the initial ordinary units (EUR 2.00). During the year ended December 31, 2019, the Company recorded an imputed interest expense of EUR 220 and an off-setting capital contribution relating to this loan. The loan was fully repaid in 2019.

The Company also pays management fees to CSI (included within "Other, net" expenses) and reimburses CSI for certain expenses paid on behalf of the Company. The aggregate payments made by the Company to CSI for management fees and reimbursements of expenses during the year ended December 31, 2020 was EUR 5,445 (December 31, 2019 - EUR 3,373).

The ending payable balance to CSI (included within accounts payable and accrued liabilities) as at December 31, 2020 was EUR 1,282 (December 31, 2019 – EUR 1,254), the current portion included within accounts payable and accrued liabilities and the long-term portion included within other liabilities).

Transactions with minority unitholders of the Company

The Company had a liability which consists of preferred units of the minority members in the Members' equity of Constellation Software Netherlands Holding Coöperatief U.A. The preferred unit liability of EUR 9,723 was included within other liabilities as of December 31, 2018. The preferred unit liability was convertible into ordinary units at a price per ordinary unit equal to two times the issue price of the initial ordinary units (EUR 2.00). During the year ended December 31, 2019, the Company recorded an imputed interest expense of EUR 110 and an off-setting capital contribution relating to this liability. The liability was fully repaid in 2019.

Transactions with entities under the control of CSI

The Company also provides professional services to other entities under the control of CSI. The total amount of revenue recognized during the year ended December 31, 2020 (included within professional services revenue) relating to such arrangements was EUR 4,414 (December 31, 2019 – EUR 4,490). The ending receivable balance (included within accounts receivable) as at December 31, 2020 relating to these arrangements was EUR 437 (December 31, 2019 – EUR 510).

Key management personnel compensation

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

The key management personnel of the Company are the members of the Company's executive management team and the Board of Directors.

	Years ended December 31, 2020	2019
Salaries, bonus and employee benefits	4,567	3,968
Total	4,567	3,968

There were no significant post-employment benefits, other long-term benefits, or share-based payments attributed to the key management personnel in 2020 and 2019.

26. Subsequent events

Subsequent to December 31, 2020, the Company completed (or entered into agreements that did not close prior to December 31, 2020) to acquire (excluding Topicus.com B.V. as described below) a number of businesses for aggregate cash consideration of EUR 15,052 on closing plus cash holdbacks of EUR 552 for total consideration of EUR 15,604. The business acquisitions include companies catering primarily to the healthcare and education verticals and are all software companies similar to the existing business of the Company.

On January 4, 2021 (in anticipation of the acquisition of Topicus.com B.V. described further below), the Company completed a corporate re-organization. In conjunction with the re-organization, the following steps were completed on January 4, 2021:

- The Company declared and paid a EUR 54,600 dividend to its members.
- The Company changed its name from Constellation Software Netherlands Holding Coöperatief U.A. to Topicus.com Coöperatief U.A.
- The Company created a new class of ordinary units and a new class of preferred units. The unit holders of the Company converted their existing membership units of the Company into the new class of ordinary units and the new class of preferred units. In conjunction with this conversion, the Company issued 59,078,027 preferred units and 59,078,027 ordinary units.
- The preferred units are retractable at the option of the holder for a retraction price of EUR 19.06 per unit and will be classified as a liability on the balance sheet of the Company. The preferred units are convertible into ordinary units of the Company at a conversion ratio of 1:1 and the ordinary units are exchangeable into Topicus.com Inc. (a newly created company) subordinate voting shares at a conversion ratio of 1:1. The preferred unit holders will also be entitled to a fixed annual cumulative dividend of 5% per annum.

On May 20, 2020 the Company entered into a binding agreement, subject to certain closing conditions, with IJssel B.V. (the "Seller") to purchase 100% of the shares of Topicus.com B.V. ("Topicus B.V."), a Netherlands-based diversified vertical market software provider. On January 5, 2021, the Company completed this transaction. Annual gross revenues of Topicus B.V. for 2019 were approximately EUR 101,000 and total tangible assets at December 31, 2019 were approximately EUR 7,000. The Company paid cash of EUR 133,600 to the Seller. Furthermore, the Company issued 5,842,882 preferred units of the Company to the Seller for an initial subscription price of EUR 83,800 plus an additional subscription amount of EUR 27,589 which will be owed by the Seller to the

Company and will be repayable to the Company under certain conditions. The Company also issued 5,842,882 ordinary units of the Company to the Seller. The aggregate estimated total consideration is EUR 217,400.