



**Topicus.com Inc (OTCMKTS: TOITF)**

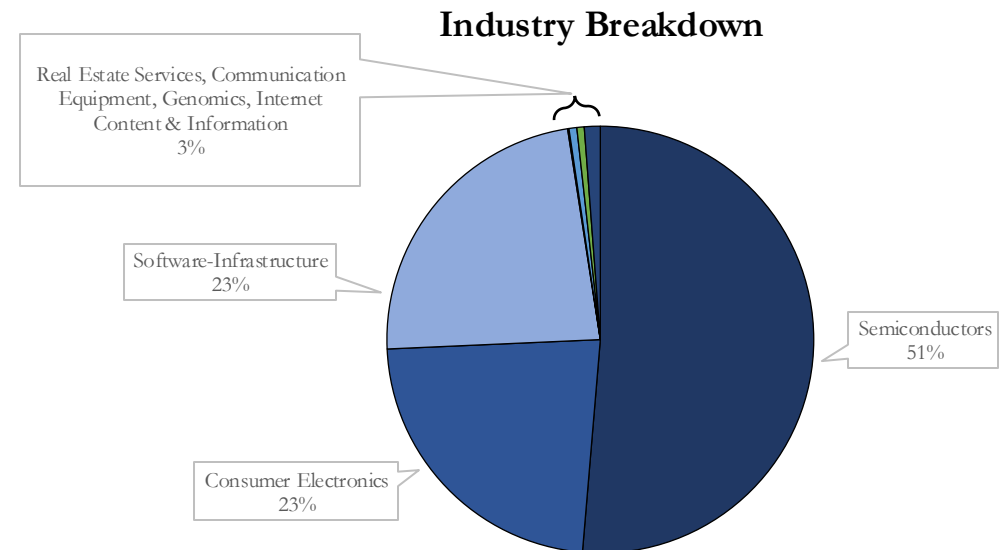
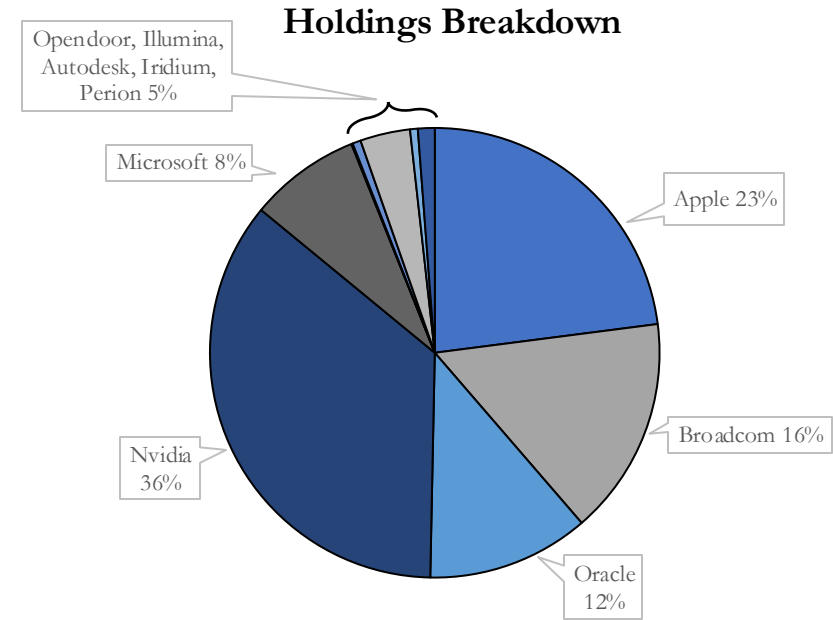
Technology, Media, Telecommunications (TMT) Spring 2024

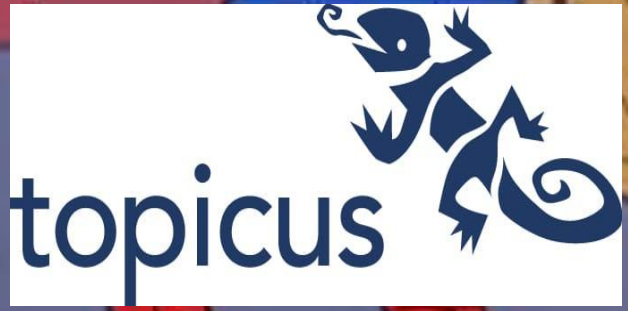
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# Holdings Overview

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Company Name	Unrealized Gains (Losses)
Apple Inc	\$11,119.26
Broadcom Inc	\$6,844.85
Oracle Corp	\$4,956.18
Nvidia Corp	\$20,449.92
Microsoft	\$2,113.42
Opendoor	(\$742.97)
Illumina	(\$841.01)
Autodesk Inc	\$211.23
Iridium Communications Inc	(\$312.50)
Perion Network LTD	(\$1,214.51)





# Bird's Eye View

Topicus, a leading VMS provider, presents an opportunity to invest in a capital-efficient, rapidly growing business with a sticky customer base

## Constellation's Baby Bro

- Constellation Software (CSI) acquires and manages vertical market software (VMS) businesses. CSI has managed to grow revenue from ~**\$330 million** in 2008 to ~**\$8.4 billion** in 2023, returning significant value to investors.
- In mid-2020, CSI spun-off two businesses it had acquired previously, Topicus and Total Software Solutions. The merged entity operates with the **same playbook** as CSI except in the much more **fragmented** European market.

## Fragmented Market

- The fragmented European VMS landscape, resulting from the **different regulations and language barriers** across countries, allows Topicus to **acquire cash-generative** niche companies at **attractive valuations**.
- This fragmentation also enables Topicus to **strategically cross-sell** complementary services and capabilities across its portfolio companies, bolstering their **product offerings** and thereby **enhancing customer stickiness**.

## Best-in-Class Capital Allocation

- Topicus' **decentralized operating model** allows for agility and entrepreneurial ownership creating a self-sustaining acquisition engine  **fueled by organic free cash flow**, mirroring CSIs **tried and tested** model.
- As a result of this operating model, Topicus has been able to grow revenue from ~**€500 million** in annual revenue for 2020 to ~**€1.1 billion** for 2023, while making **numerous acquisitions** every year

## Sticky Customer Base

- Topicus and CSI specifically target niche industry verticals, developing **specialized software tailored** to those verticals. This high degree of customization makes it **very difficult** for customers to find alternative solutions.
- This means that companies operated by Topicus have very **low churn rates**, as switching costs for customers are **extremely high** due to the **mission-critical nature** of the software and **lack of viable substitutes**.

# Macroeconomic Overview

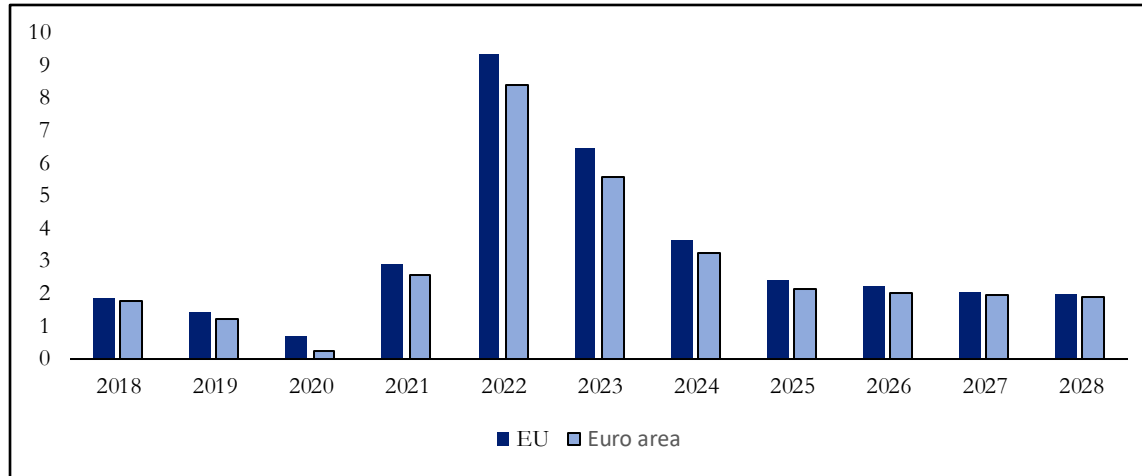
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After energy price rises in 2022, inflation levels and economic growth have begun to return to normative levels

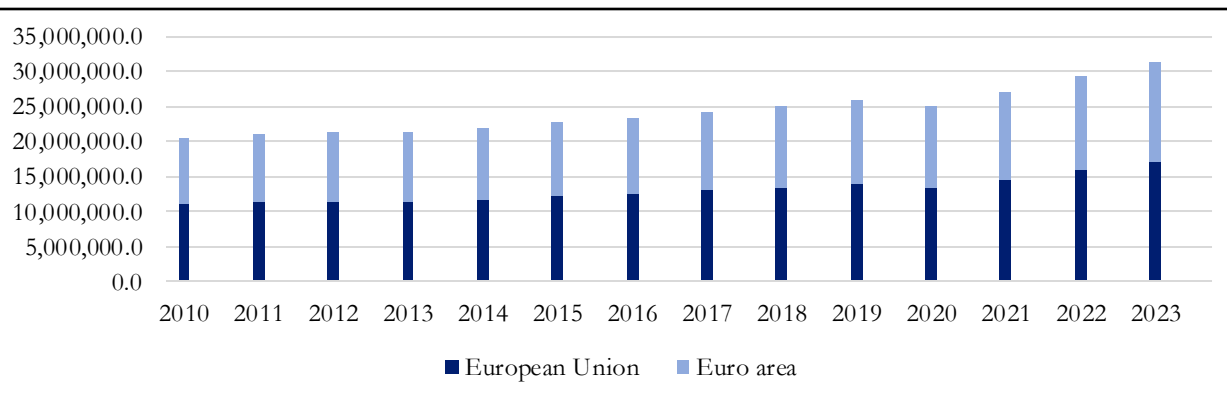
## Rates

- Despite 2023 trends, economic growth is expected to increase due to inflation ease and increased employment levels
- GDP has grown 0.4% from 2022 in the EU and Euro Area, and forecasted to rise by 1% from 2023 in 2024
- Interest rates at historic high at 4%, but hints of ECB cutting them early
- According to its governing councilmember and chief economist, the ECB is forecasted to cut interest rates on June 6th

## EU and Euro Area Inflation Rates (%)



## EU and Euro Area GDP



## Progress of Technology

- Total capital invested from 2023 into European tech is down 55% (45 billion) from 2021's peak (100 billion)
- Euro tech is predicted to start bouncing back this year, past pre-pandemic levels
- EU to launch government program with €176 million for AI, data, and other pilot projects



Europe's long-time reliance on American tech companies has incurred a weak global performance in transversal technologies

## Market Fragmentation Factors

Country Regulations

Geography & Domestic Asset Preferencing

Geopolitical Tensions & Warfare

Language Barriers

Payment Systems

Vertical Idiosyncrasies of VMS

## Other Challenges for Big Tech



- Conservative culture of European business owners
- Scale of giant American companies
- The EU is focused on investments in 'cleantech' to meet their SDGs

## Recent EU Tech Regulations

- **Digital Markets Act** laws enforce fair market competition
  - Recent fines on the big 6 tech companies from gatekeeping the markets
- **2024 AI Act** mandate to increase scrutiny of AI security may hinder tech development in Europe.



What is VMS?

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Mission critical software that results in a sticky, inelastic customer base

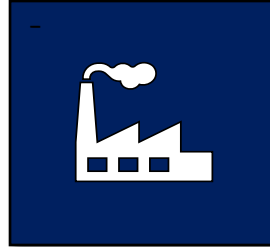
## Definition

Software developed for niche industry or applications, or for a unique clientele. Vertical market software is often developed and customized to serve the needs of a specific business or industry such as manufacturing, insurance or banking.

## Sticky Customer Base

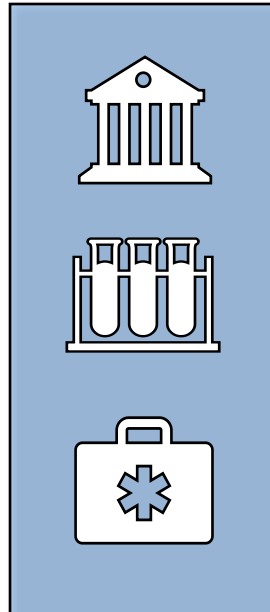
Primarily attributed to the high switching costs associated with moving away from 'Topicus' tailored offerings. Customers heavily invest in integrating 'Topicus' software into their workflows, customizing it to their unique needs, and training their staff to use it effectively. Switching to a new provider would require significant time, financial resources, and effort to replicate these customizations, migrate data, and retrain employees.

## Key Characteristics



### Industry-specific functionality:

- Features and tools specifically designed to support the tasks and processes unique to 'Topicus' target industries, such as healthcare, education, finance, and social domain.



### Tailored user interface and technology:

- Finance
  - Lending platforms, more transparent mortgage processes, digitization in wealth management. (Fyndoo)
- Education
  - Somtoday (for secondary education), ParnasSys (primary education)
  - Number one platform in student monitoring system in Dutch Primary Schools
- Healthcare
  - Combining Primary and Secondary care, supporting health insurers through financial processes (Zorg), telehealth (Spreekuur)



# Vertical Market Software vs. Horizontal Market Software

Key differentiators and competitive strategies

## Vertical Market Software

Tailored to meet the specific needs of a particular industry or niche market

Highly customized to align with industry-specific workflows and best practices

Prioritizes seamless integration with industry-specific systems and data sources

Offers industry-specific functionality, compliance, and domain expertise



## Horizontal Market Software

Designed to cater to a wide range of industries and businesses

Requires significant configuration to meet specific industry needs

Designed to integrate with a wide range of platforms and systems

Competes on price, features, ease of use, and brand reputation



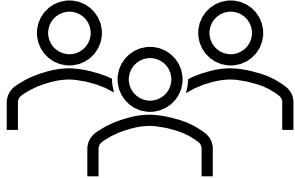
# Company Overview

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CONSTELLATION  
SOFTWARE  
INC.

- ~30% of fully diluted shares
- 100% of super voting shares



- Public float is ~32% of fully diluted shares

Joday (Sellers of TSS) & Ijssel (Sellers of Topicus)

- ~38% of fully diluted shares



topicus



TSS Public

TSS Blue

A seasoned leadership team with a strong understanding of the VMS industry



## **Robin van Poelje (CEO of Topicus, Chairman of Topicus' Board of Directors)**

- Mr. van Poelje founded Total Specific Solutions (TSS), he joined CSI when CSI acquired TSS in 2013
- He holds an MSc. in Economics from the University of Groningen, Netherlands and a postgraduate degree in Marketing and Strategy from École Supérieure de Commerce de Montpellier, France
- In 2021, he was named CEO of Topicus.com Inc.



## **Mark Leonard (President of CSI, Topicus' Board of Directors )**

- Mr. Leonard founded CSI (Constellation Software Inc.) in 1995, prior to founding CSI, he worked in the venture capital business for eleven years
- He holds a BSc. from the University of Guelph and an MBA from the University of Western Ontario
- He created and implemented the CSI business model of acquiring and holding VMS companies



## **John Billowits (Director & Chairman of CSI, Topicus' Board of Directors)**

- Mr. Billowits joined CSI in 2003 as CFO of the Jonas Operating Group, he then served as CEO of the Vela Software before becoming a Director and Chairman of CSI in 2020
- He has an Honours BBA from Wilfrid Laurier University and an MBA from the London Business School

A seasoned leadership team with a strong understanding of the VMS industry



## **Daan Dijkhuizen (Group CEO Topicus Operating Group, Topicus' Board of Directors)**

- Mr. Dijkhuizen has been at Topicus since 2013, prior to Topicus, he was a technology executive at ING Group, a multinational banking and financial services corporation
- From 2017 to the present, he has served as CEO of Topicus
- He holds an MSc. in Industrial Engineering & Management from the University of Twente, Netherlands



## **Han Knooren (Group CEO Total Specific Solutions Public, Topicus' Board of Directors)**

- Mr. Knooren has been with TSS since 2011, prior to TSS, he worked in multinational, private equity owned and start-up Vertical Market Software companies
- He graduated as an information technology engineer, studied Business Administration at the Nyenrode Business University before completing the Advanced Management Program at INSEAD



## **Ramon Zanders (Group CEO Total Specific Solutions Blue, Topicus' Board of Directors)**

- Mr. Zanders joined TSS in 2011, prior to TSS, he held managerial roles with overall responsibility for software consulting and outsourcing businesses in the Netherlands, USA, and Thailand
- At TSS Blue he is responsible for the companies in the private sector in the Netherlands, DACH (Germany, Austria, Switzerland), Nordics, and Eastern Europe



# Financials at a Glance

Great financials at a fair valuation given the long-term growth potential of the business



Enterprise Value  
**\$7.2 Billion**



Market Cap  
**\$6.8 Billion**



3-Year Revenue CAGR  
**>20% YoY growth**



EBITDA Margin  
**~28%**



Q1 '24 Free Cash Flow from Operations  
**\$227.5 Million**



EV/Revenue (NTM)  
**4.7x**

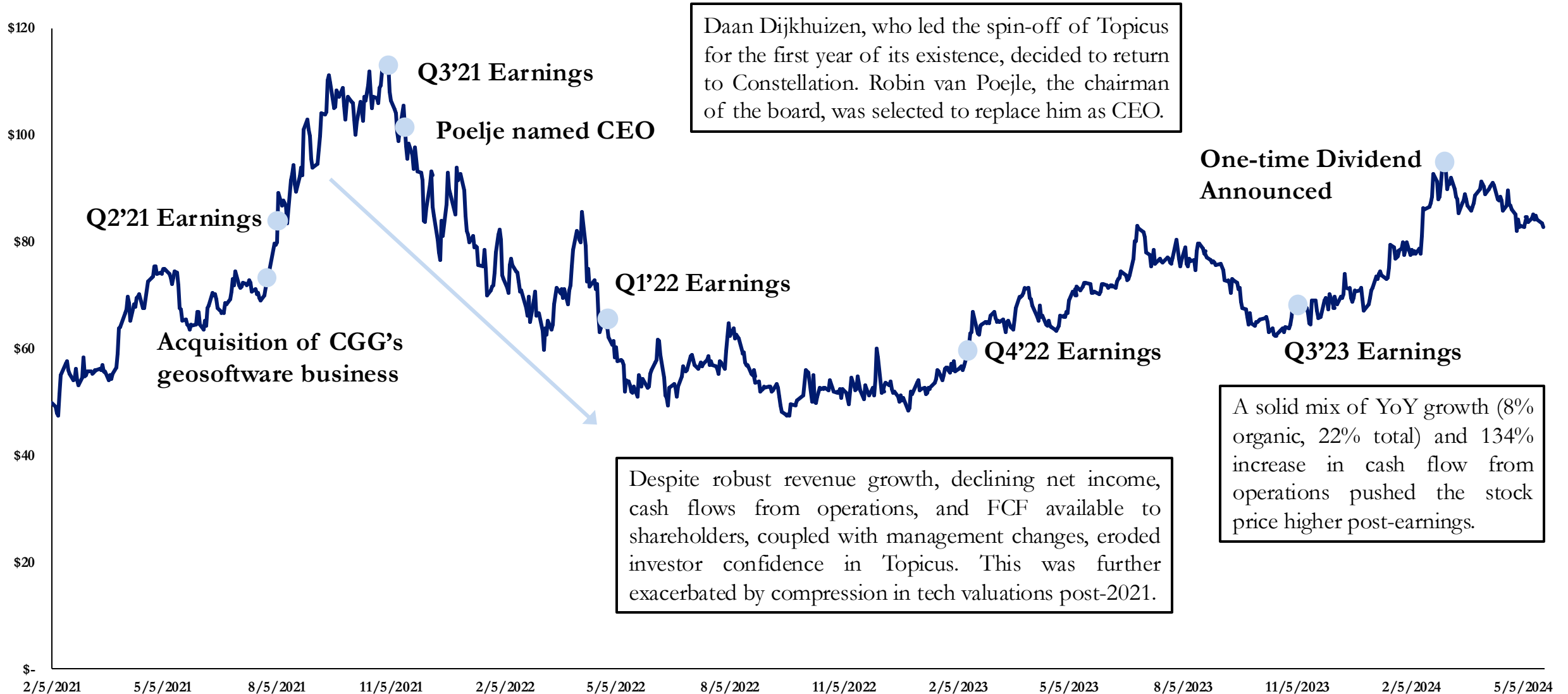


Price/Sales (NTM)  
**4.5x**



ROIC (LTM)  
**17.8%**

# Stock Price Over Time



Topicus was founded with an entrepreneurial tenacity

## Founding

Topicus was founded in the **Netherlands in 1998** by two former fintech entrepreneurs trying to disrupt the IT software industry. Founded on the belief that innovation had to stem from IT professionals, Topicus expanded into the European attempting to make daily tasks easier.



## Culture

### Flat Culture

- Decision are made throughout the corporate structure when it comes to sourcing and operations.
- Three separate groups that sit below Topicus benefit from shared resource allowing for operational efficiencies

### Collaborative & Innovative

- A collaborative, united culture run like an early 2000's tech company results in a healthy and diverse views on growth
- Topiconf, a conference on innovation, hosted every year

## Specialization

### Education

2003

- Purchased ParnasSys
- 80% of Dutch primary education uses education management system

### Healthcare

2005

- Enter healthcare market with GP information system manager
- Spreekur introduced as online patient interaction platform

### Fintech

2010

- Partnered with largest banks in the Netherlands to provide a mortgage application software

### Social

2015

- Topicus Gidso is a information management system the units citizens with government services

ParnasSys and Spreekuur are Topicus-owned VMS platforms for Education and Healthcare respectively

## ParnasSys

Overview: Full-Stack Education Management Solution

Key Features: Student data management (grades, attendance, etc.), testing, curriculum planning, and communication

Comparable software: Canva



### The Role of Topicus:

- Expedite development and scale through technical expertise, go-to-market strategy, and established geographic expansion playbook

## spreekuur.nl

Overview: Platform Connecting Healthcare Providers to Patients

Key Features: Appointment scheduling, patient communication, record management, data security and compliance

Comparable software: Athenahealth



- Pilot testing in school districts, extensive feature development based on feedback
- Extensive training of teachers and administrators to maximize usage of developed features
- Aggressive national expansion, iteration on successful features, establishment of community for best practices

- Digidok partners with Topicus to create a fully-compliant online consultation service for GPs to use after hours
- Topicus-owned VIPLive and Topicus HAP are integrated into DigiDok to provide data infrastructure and UI respectively
- 4000 patients treated digitally in first 4 months

Findesk and Gidso are Topicus-owned VMS platforms for the Finance and Government sectors respectively



Overview: Platform Connecting Homeowners to Lenders

Key Features: Mortgage application processing, credit score integration, CRM, banking integration

Comparable software: LendingPad



## The Role of Topicus:

- Accelerate development and scale through system integrations, customer-centric approaches, and data compliance competency.



Overview: Public Service Administration Solution

Key Features: Case management, citizen-government communication, record management, GDPR compliance

Comparable software: N/A



- Topicus-built solution from the ground up:
  - Phase 1: Assessment of lender needs
  - Phase 2: platform design and development
  - Phase 3: integration and partnership establishment
  - Outcome: scale across market (60% of NL)

- Topicus-built solution on top of existing infrastructure:
  - Customer: municipalities with loosely connected IT systems
  - Phase 1: configure existing infrastructure for efficiency
  - Phase 2: implement topicus UIs, messaging systems, etc.
  - Phase 3: bring scalable model to other municipalities

Serial acquirer since the 1990's

## Snapshot



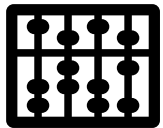
25 Vertical Market



173 Companies



27 Countries



'23: 16 Acquisitions



## About

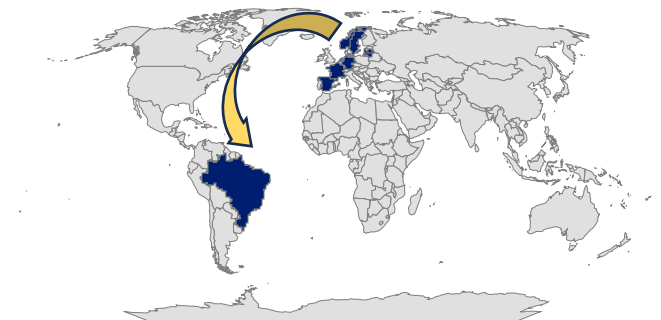
- TSS was founded in the Netherlands in 1995
- It was created to meet the growing need for specific and comprehensive software solutions
- TSS has been innovative since its inception
- Over time, TSS expanded into numerous new verticals, this has led to the development of specialized business units that source and operate their respective VMS's
- In 2013, TSS was acquired by Constellation Software
- The acquisition aimed to help Constellation gain exposure to TSS's expertise in the European VMS market

## Expansion - Brazil

TSS continues to expand into its European markets at a rapid rate. However, over the past couple years, TSS has begun to expand into Brazil to capitalize on its growing VMS market.

**Brazil Snapshot:**  
CAGR: 12%  
GDP by 2030: \$4.9T

This indicates that TSS can/will continue to expand into rapid growth foreign markets



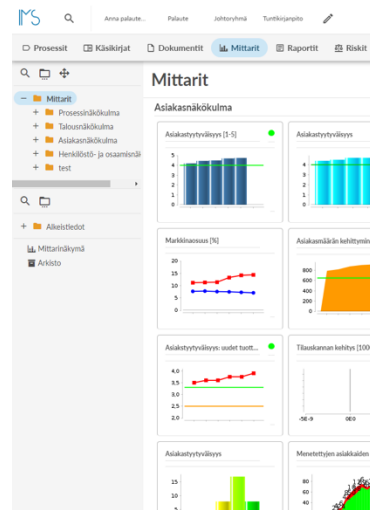
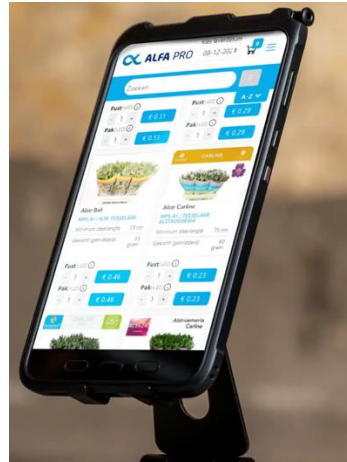
Expansive industry coverage - extrapolating value wherever possible

## Over 25 Verticals

### 25 Vertical Market

- Accountancy
- Agriculture
- Associations
- Automotive
- Central Gov
- Communications
- Construction
- Education
- Energy
- Facility Management
- Finance
- Geoscience
- Healthcare
- Hospitality
- Legal
- Library & Archives
- Local Gov
- Manufacturing
- Maritime
- Mobility
- Publishing
- Real Estate
- Retail
- Software Product

## Companies



### Software:

- Organics E-Commerce Platform
- Sell, manage, & communicate with customers about products

### Hardware:

- Point-of-Sale Systems (register)
- Workstations and communication solutions specific to sale of organic material businesses

### ARC-Software:

- Enterprise management platform made specific for business development. Easy project organization and countless add-ons

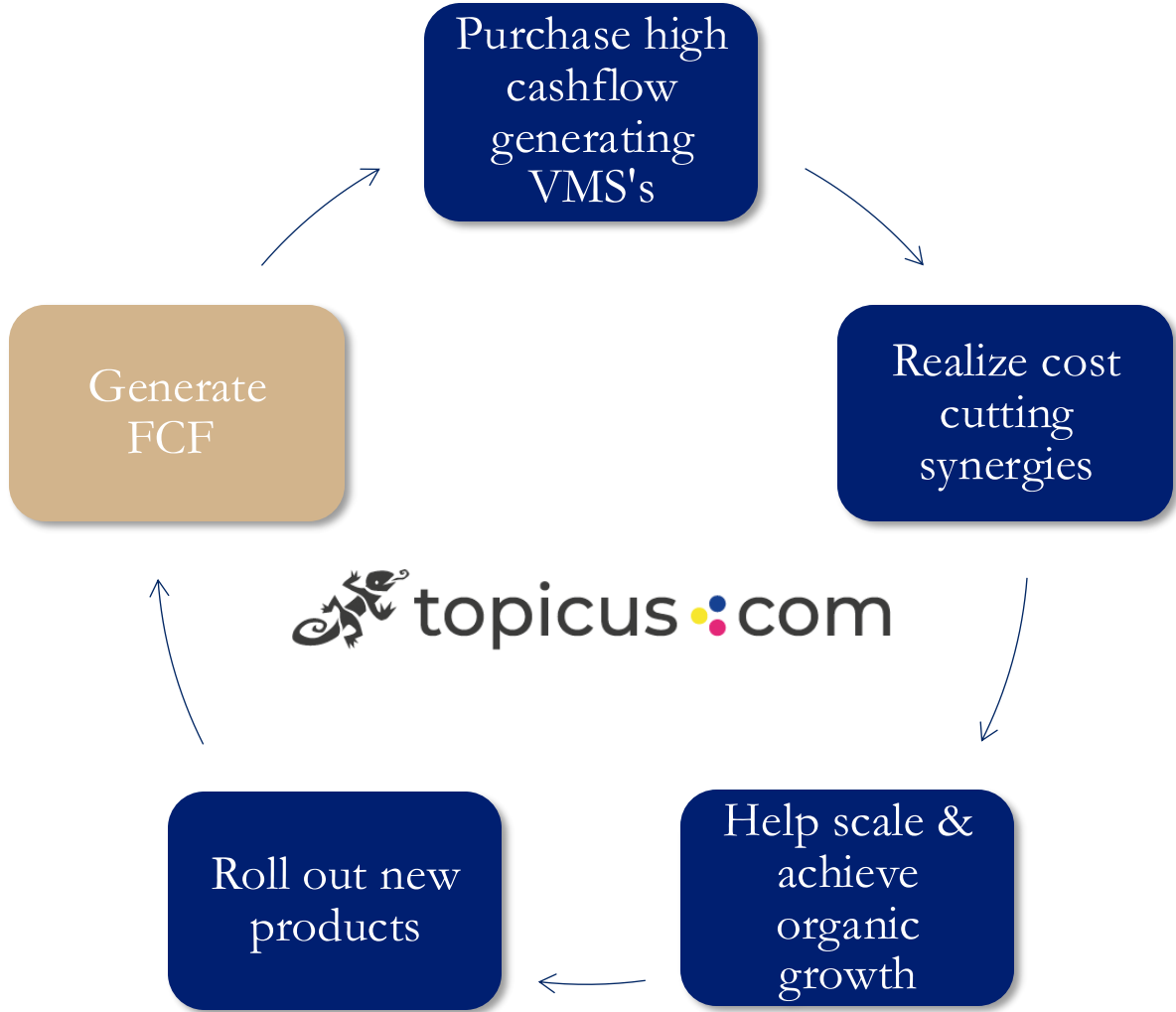
### IMS-Software:

- Quality and information management software that specializes in document mapping and risk management
- Countless visual tools to project goals



# Business Model Overview - Acquisitions & Incubation

Topicus achieves revenue growth and margin expansion through organic and inorganic growth



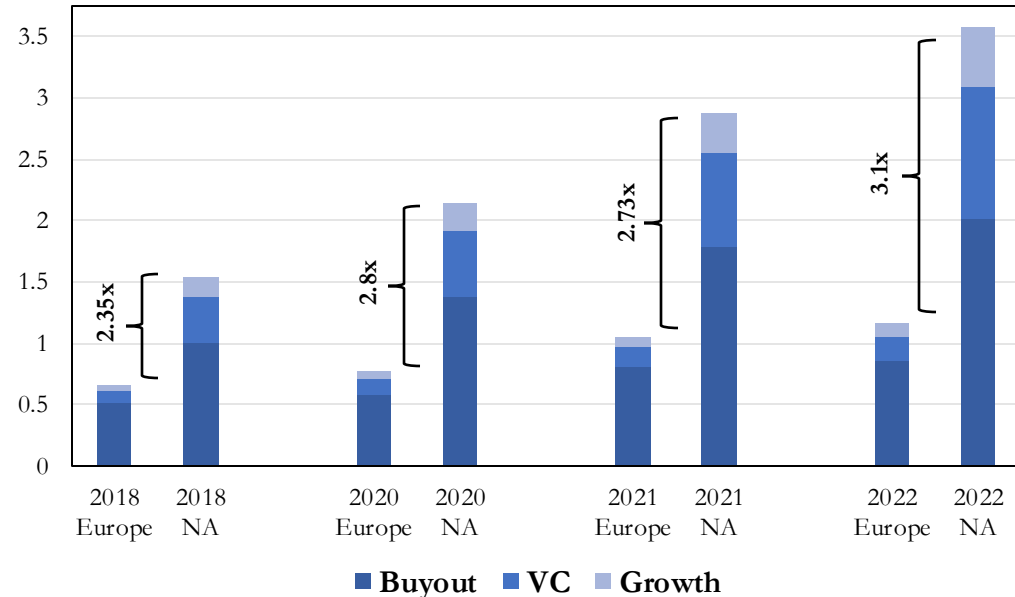


Topicus seeks to increase revenue by leveraging the European VMS market, which is ripe for acquisitions

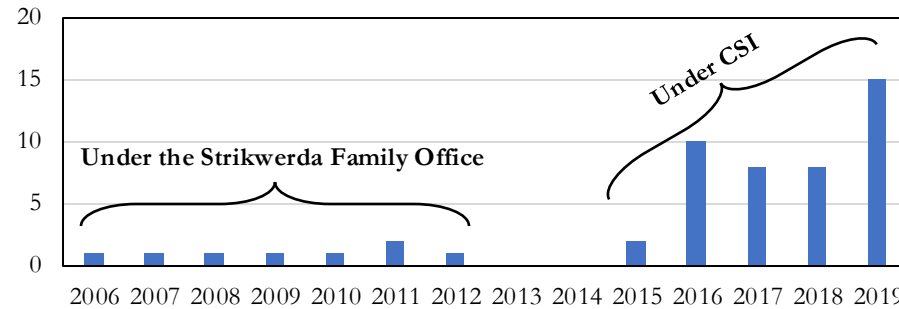
## The European Market is Ripe for Acquisitions

- NA dominates Europe in terms of PE AUM. This disparity has only widened due to faster growth in new fundraising in NA.
- Europeans place more emphasis on preserving legacy than the US. This means European VMS owners will likely be more inclined to sell their businesses to a perpetual owner like Topicus, instead of a PE firm that sells the business after a few years.

## Private Equity AUM (USD, Trillions)

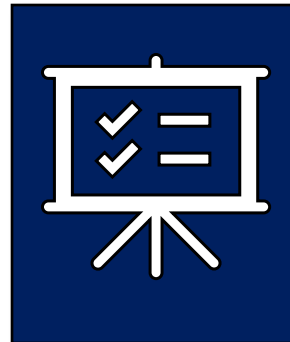


## TSS # of Acquisitions by Year



- In this same time frame, TSS has been able to **aggressively expand** outside of the Netherlands
- 62% of revenue from Netherlands in 2020 vs 80% in 2018

## The Constellation Playbook/Acquisition Criteria



### Exceptional Businesses:

- A mid to large-sized VMS company (w/ a min. of \$1-million EBIT)
- Consistent earnings and growth - generally EBITDA/revenue + revenue growth of 20 percent or more per year

### Good Businesses:

- # 1 or # 2 market-share holder in a niche VMS, generating revenues of at least \$5 million
- Hundreds or thousands of customers with unimposing competitors



### Corporate Philosophy:

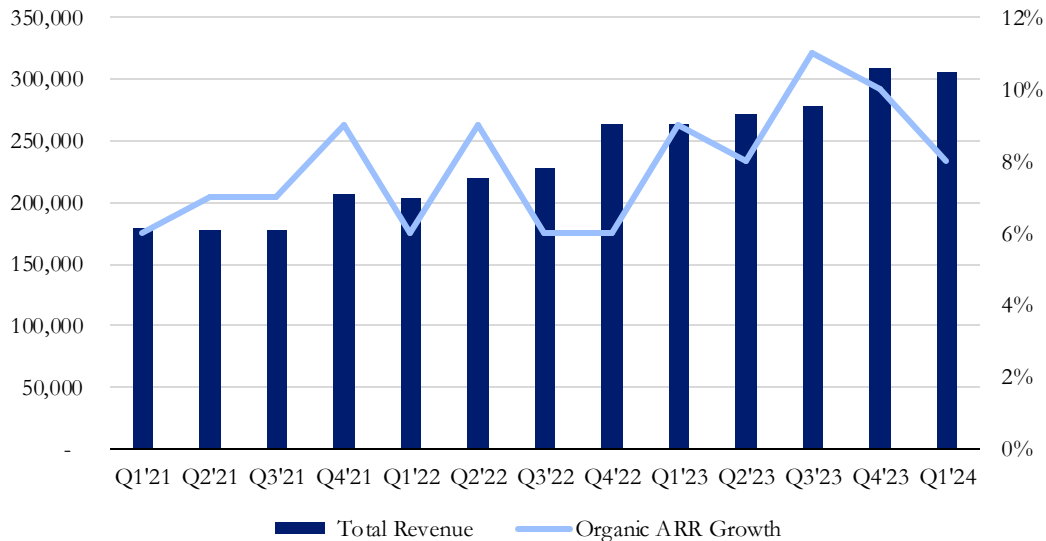
- They refuse to engage in unfriendly takeovers
- They prefer 100 % ownership in companies; however, they will buy less if vendors wish to continue to participate in the business

Topicus' innovative culture and robust organic revenue growth make them well-positioned to potentially outperform CSI

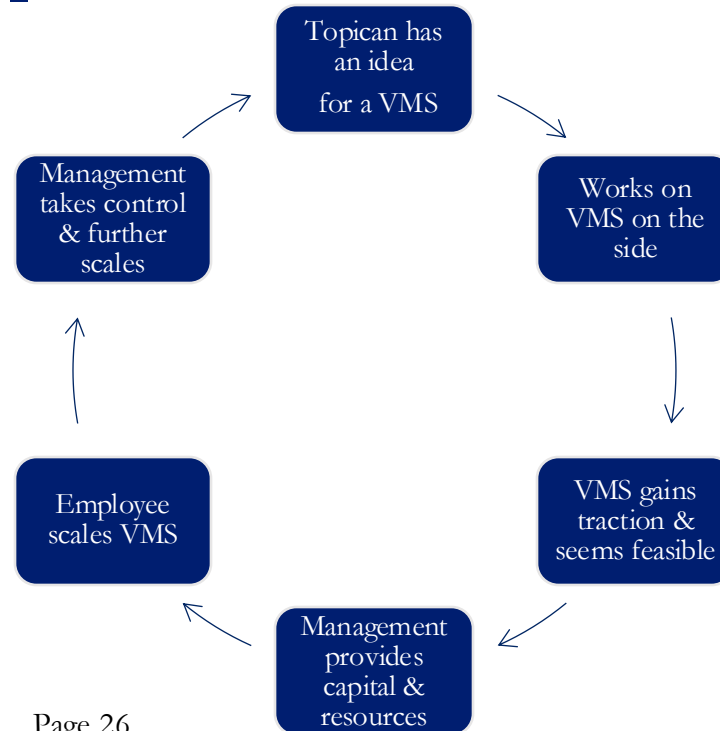
## A Culture of Innovation

- The organic growth culture at Topicus is fascinating:
  - Annual conference called TopiConf to share best practices
  - Competition called Race 2 Make It Real where multiple teams race to turn ideas into products
  - Annual Hackathon where developers pitch new ideas, and the best ideas get funded
- Topicans, as they call themselves, even created their own in-house brewery to provide Topicus Gifikker beer to all employees

## Total Revenue to Organic ARR Growth (EUR)



## Topicus' In-House VMS Creation Process



**Growing Large by Staying Small:**

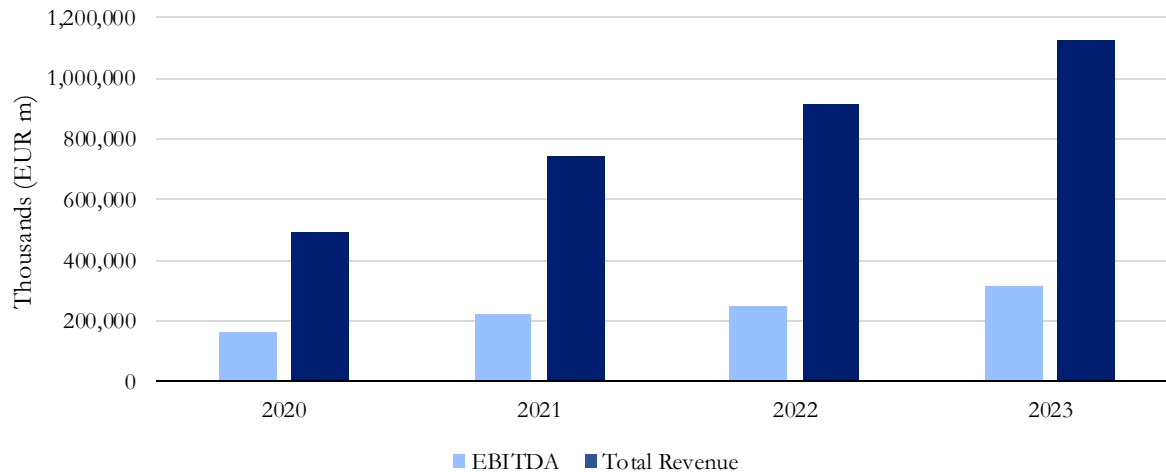
After creating their own VMS through this process, Topicus then expands by building out a comprehensive suite of applications to serve the entire industry. Their unique approach allows them to scale by capturing multiple niche segments within that vertical market

# Revenue Breakdown

Organic and inorganic growth contribute to Topicus' 3-year revenue CAGR of 32% and revenue growth of 23% y/y in 2023

- **Licenses:** Represents non-recurring license fees charged for the use of software products licensed under multiple-year or perpetual arrangements.
- **Professional services:** Consists of fees charged for implementation services, custom programming, product training and consulting.
- **Hardware & Other:** 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:** 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.

YoY Total Revenue and EBITDA



All Figures in EUR (thousands)	2020	2021	2022	2023
<b>Income Statement</b>				
<b>Revenue</b>				
Licenses	14,395	26,709	31,745	35,458
Professional Services	119,522	196,565	239,674	297,669
Hardware & Other	6,192	6,189	10,553	18,045
Maintenance and other recurring	353,877	513,078	634,710	773,801
<b>Total Revenue</b>	<b>493,986</b>	<b>742,541</b>	<b>916,682</b>	<b>1,124,973</b>
Licenses % of total revenue		4%	3%	3%
Professional Services % of total revenue		26%	26%	26%
Hardware & Other % of total revenue		1%	1%	2%
Maintenance and other recurring % of total revenue		69%	69%	69%

All Figures in EUR (thousands)	2020	2021	2022	2023
<b>Organic Growth</b>				
Licenses		3.0%	-9.0%	-6.3%
Professional Services		4.0%	2.0%	4.5%
Hardware & Other		-24.0%	11.0%	-14.3%
Maintenance and other recurring		11.0%	10.0%	9.5%
<b>Total organic growth</b>		<b>8.6%</b>	<b>7.2%</b>	<b>7.4%</b>

<b>Organic Growth</b>				
Licenses		0,432	(2,404)	(1,984)
Professional Services		4,781	3,931	10,785
Hardware & Other		(1,486)	0,681	(1,504)
Maintenance and other recurring		38,926	51,308	60,297
<b>Total organic growth</b>		<b>42,653</b>	<b>53,516</b>	<b>67,595</b>

<b>M&amp;A Growth</b>				
Licenses		83%	28%	18%
Professional Services		60%	20%	20%
Hardware & Other		24%	60%	85%
Maintenance and other recurring		34%	14%	12%
<b>M&amp;A Growth</b>		<b>42%</b>	<b>16%</b>	<b>15%</b>

<b>M&amp;A Growth</b>				
Licenses		11,882	7,440	5,697
Professional Services		72,262	39,178	47,210
Hardware & Other		1,483	3,683	8,996
Maintenance and other recurring		120,275	70,324	78,794
<b>M&amp;A Growth</b>		<b>205,902</b>	<b>120,625</b>	<b>140,696</b>

# Investment Rationale

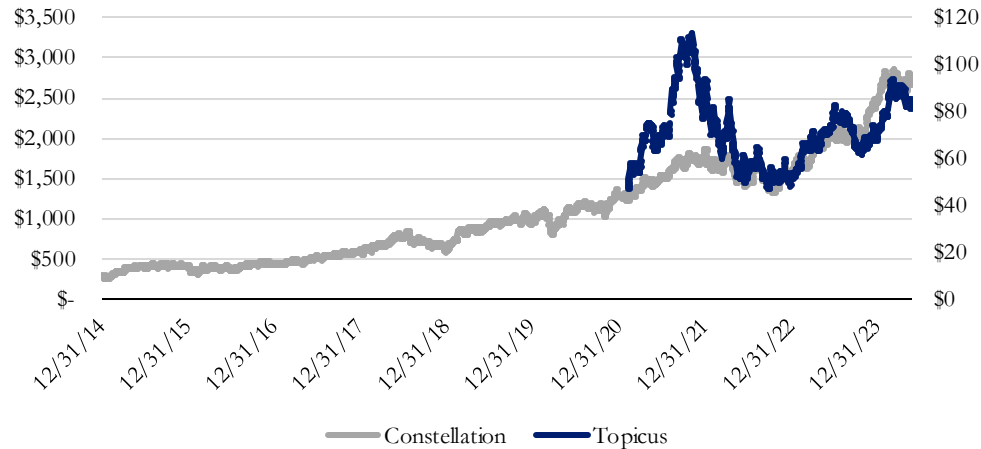
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# Constellation, a Leading Variable of Topicus' success



In 2015, Constellation had approximately the same market cap as Topicus of approx. \$7.5 billion and since then is up ~860%

## \$CNSWF & \$TOITF Stock Chart



Constellation has achieved exceptional returns on equity by maintaining a flat organizational structure and implementing one of the most successful capital deployment strategies of all time. Through their acquisitions, Constellation generated over \$1.88 billion in free cash flow from operations (CFFO) in the last twelve months alone.

7 Year Rev  
CAGR

21%

3 Year Rev  
CAGR

29%

LTM  
CFFO

\$1,884M

8 Year Avg  
ROE:

36%

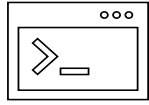
To sustain Constellation's >20% top-line growth with its ~\$60B market cap, more capital deployment was needed. The company has lowered its hurdle rate in recent years. The increased goodwill on its balance sheet, indicates higher purchase prices for its acquisitions.

Topicus, which currently trades at a lower multiple, with a similar growth trajectory as Constellation, is well-positioned to leverage a comparable strategy. Topicus's smaller size allows management to source smaller acquisition deals while still delivering >20% returns.

Company Name	Ticker	Share Price	Market Data (\$)			Financial Data (LTM)			
			Market Cap (\$M)	Enterprise Value (\$M)	Revenue (\$M)	EBITDA (\$M)	EBIT (\$M)	EBITDA Margin	EPS
Topicus	TOIT.F	\$81.83	\$6,783.26	\$7,186.00	\$1,259.63	\$354.56	\$165.19	28.15%	\$1.00
Constellation Software	CNSW.F	\$2,787.38	\$59,206.52	\$61,806.63	\$8,841.00	\$1,618.00	\$1,279.00	18.30%	\$27.30

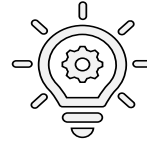
Valuation (LTM)					Valuation (NTM)				
EV/Revenue	EV/EBITDA	EV/EBIT	P/S	P/FCF	EV/Revenue	EV/EBITDA	EV/EBIT	P/S	P/FCF
5.7x	20.3x	43.5x	5.4x	21.1x	4.72x	16.6x	34.6x	4.5x	36.4x
7.0x	38.2x	48.3x	6.7x	38.2x	5.8x	21.8x	38.9x	5.5x	24.3x

Topicus is poised to experience growth similar to Constellation's, given their extensive operational and acquisitive similarities



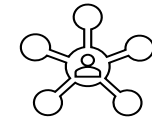
## Purchase & Develop Specialized Software

- ✓ By acquiring and integrating small VMS companies, Topicus **diversifies its offerings, expands its customer base, and benefits from low churn and protection** against larger competitors in niche markets.
- ✓ Topicus' **decentralized structure**, inherited from Constellation, allows acquired companies to **operate independently while sharing best practices and market insights**.
- ✓ This approach **strengthens customer loyalty, controls overhead, and provides a competitive edge** in the VMS acquisition market.



## World-Class Innovation & Operations

- ✓ Topicus is linking **capital allocators' compensation to organic growth metrics**, incentivizing managers to further **drive innovation and operational improvements** in portfolio companies.
- ✓ The company leverages its **diverse VMS portfolio to create cross-selling opportunities and realize operational synergies**, enhancing customer satisfaction.
- ✓ This strategy drives **organic growth, increases customer stickiness, and strengthens relationships** by providing multiple solutions from a trusted provider.



## Aligned Incentives w/Shareholders:

- ✓ Topicus ensures the alignment of management interests with common shareholders by **requiring management to reinvest a portion of their bonus and salaries into the purchase of company shares on the open market**.
- ✓ Additionally, capital allocators **do not receive any bonus** if their ROIC falls below the risk-free rate, **incentivizing sustainable value creation**.
- ✓ At CSI, Mark Leonard relinquished capital allocation control in 2005, but M&A returns remained stable due to the **company's structured, repeatable acquisition processes**.

In-house products have had heavy penetration in the Dutch market and demonstrated management's ability to create best-in-class software

## Issue: Mortgage Application Process

Dutch home-buyers and lenders have long had issues with the mortgage application process, which had an average process time of around 3 months. For customers, navigating different lenders with unique user interfaces and comparing their quotes was tiresome. Lenders were also irked by the absence of a common workspace, mainly because they weren't updated on competitor's bids or able to manage their loan portfolio effectively. Topicus sought to alleviate these issues by speaking with both borrowers and lenders to provide a best-in-class product.



**Many Quotes by Lenders**



**Data Entry Human Error**



**No System Links**

## M&A Solution: Findesk



- Founded in 1982
- Topicus became a major shareholder in 2004
- Full acquisition completed in 2010
- Acquired company became Fyndoo, focused on end-to-end SaaS lending on the cloud
- Spin-off became Findesk, focused on assisting financial advisors with mortgages for clients
- Both companies remain independent and service different groups within the mortgage vertical

## Organic Solution: FORCE

- The internal VMS creation team at Topicus was able to create complementary software in-house
- The FORCE product suite allows lenders to track mortgages throughout their lifetimes, and compare bids from competing lenders in real time
- Prospective borrowers are also able to check the status of a loan application, and are provided much more transparency throughout the process

## Value Added: Merging Solutions

Findesk + Force  
Clientele



**60%**

market share in Holland

# Valuation

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# Comparable Companies Analysis

Company Name	Ticker	Market Data (\$)			Financial Data (LTM)				
		Share Price	Market Cap (\$M)	Enterprise Value (\$M)	Revenue (\$M)	EBITDA (\$M)	EBIT (\$M)	EBITDA Margin	EPS
Topicus	TOIT.F	\$81.83	\$6,783.26	\$7,186.00	\$1,259.63	\$354.56	\$165.19	28.15%	\$1.00
Constellation Software	CNSW.F	2,787.38	59,206.52	61,806.63	8,841.00	1,618.00	1,279.00	18.30	27.30
Veeva Systems	VEEV	203.89	32,951.47	28,979.49	2,363.67	461.96	429.33	19.54	3.04
Toast	TOST	25.46	14,134.46	13,060.46	2,731.00	(188.00)	(210.00)	(6.88)	(0.46)
Sage Group PLC	SGE	13.59	13,554.14	14,587.86	2,837.96	609.49	569.11	21.48	0.33
Nemetschek Group	NEMK.Y	19.88	11,091.31	10,840.53	939.77	244.34	223.93	26.00	1.57
Lumine	LMGIF	28.30	7,280.45	7,273.32	545.39	157.22	77.58	28.83	(32.91)
Upstart Holdings	UPST	23.35	2,051.95	2,945.16	576.91	(129.59)	(153.68)	(22.46)	(2.05)
<b>Average</b>		<b>443.12</b>	<b>20,038.61</b>	<b>19,927.64</b>	<b>2,690.81</b>	<b>396.20</b>	<b>316.47</b>	<b>17.88</b>	<b>4.95</b>
<b>Median</b>		<b>25.46</b>	<b>13,554.14</b>	<b>13,060.46</b>	<b>2,363.67</b>	<b>244.34</b>	<b>223.93</b>	<b>20.51</b>	<b>0.95</b>

Topicus Software (Based on CSI Multiples)		
Multiple	Implied Share Price (LTM)	Implied Share Price (NTM)
EV/Revenue	\$104.59	\$103.24
EV/EBITDA	\$161.76	\$111.72
EV/EBIT	\$94.66	\$116.39

Valuation (LTM)					Valuation (NTM)				
EV/Revenue	EV/EBITDA	EV/EBIT	P/S	P/FCF	EV/Revenue	EV/EBITDA	EV/EBIT	P/S	P/FCF
5.7x	20.3x	43.5x	5.4x	21.1x	4.72x	16.6x	34.6x	4.5x	36.4x
7.0x	38.2x	48.3x	6.7x	38.2x	5.8x	21.8x	38.9x	5.5x	24.3x
12.3x	62.7x	67.5x	13.9x	43.8x	10.6x	26.7x	27.1x	12.1x	30.1x
4.8x	(69.5x)	(62.2x)	3.4x	44.3x	2.5x	45.6x	49.6x	2.7x	46.4x
5.1x	23.9x	25.6x	4.7x	24.4x	4.6x	18.6x	21.0x	4.3x	22.6x
11.5x	44.4x	48.4x	11.7x	48.4x	10.2x	32.9x	37.9x	10.5x	42.2x
13.3x	46.3x	93.8x	13.4x	66.1x	9.4x	29.3x	68.3x	9.4x	48.2x
5.1x	(22.7x)	(19.2x)	3.6x	(14.1x)	5.0x	(98.5x)	(13.7x)	3.5x	(248.7x)
<b>8.5x</b>	<b>32.1x</b>	<b>44.1x</b>	<b>8.2x</b>	<b>35.9x</b>	<b>6.9x</b>	<b>29.1x</b>	<b>32.7x</b>	<b>6.9x</b>	<b>35.6x</b>
<b>7.0x</b>	<b>38.2x</b>	<b>48.4x</b>	<b>6.7x</b>	<b>43.8x</b>	<b>5.8x</b>	<b>28.0x</b>	<b>37.9x</b>	<b>5.5x</b>	<b>36.2x</b>

Median		
Multiple	Implied Share Price (LTM)	Implied Share Price (NTM)
EV/Revenue	\$104.59	\$103.24
EV/EBITDA	\$161.76	\$143.65
EV/EBIT	\$94.74	\$113.35



Average		
Multiple	Implied Share Price (LTM)	Implied Share Price (NTM)
EV/Revenue	\$126.76	\$123.93
EV/EBITDA	\$135.78	\$149.61
EV/EBIT	\$86.19	\$97.71

# NTM Revenue Multiples for Software

Topicus trades at a forward EV/Revenue of 4.72x which is far below industry competitors

## Revenue Growth

		<0%	0-10%	10-20%	20-30%	30-40%	40%+
EBITDA Margin	<0%	No Market	NA	5.4x	4.7x	6.9x	NA
	0-10%	2.3x	3.8x	4.0x	7.1x	NA	NA
	10-20%	1.4x	2.9x	5.7x	7.6x	3.5x	NA
	20-30%	3.7x	3.5x	6.6x	11.3x	NA	NA
	30-40%	3.1x	4.7x	5.9x	13.5x	NA	NA
	40%+	NA	6.1x	14.4x	17.2x	NA	NA

 Rule of 40  
 Rule of 50

20% European Discount:   
 5.3x      9.0x

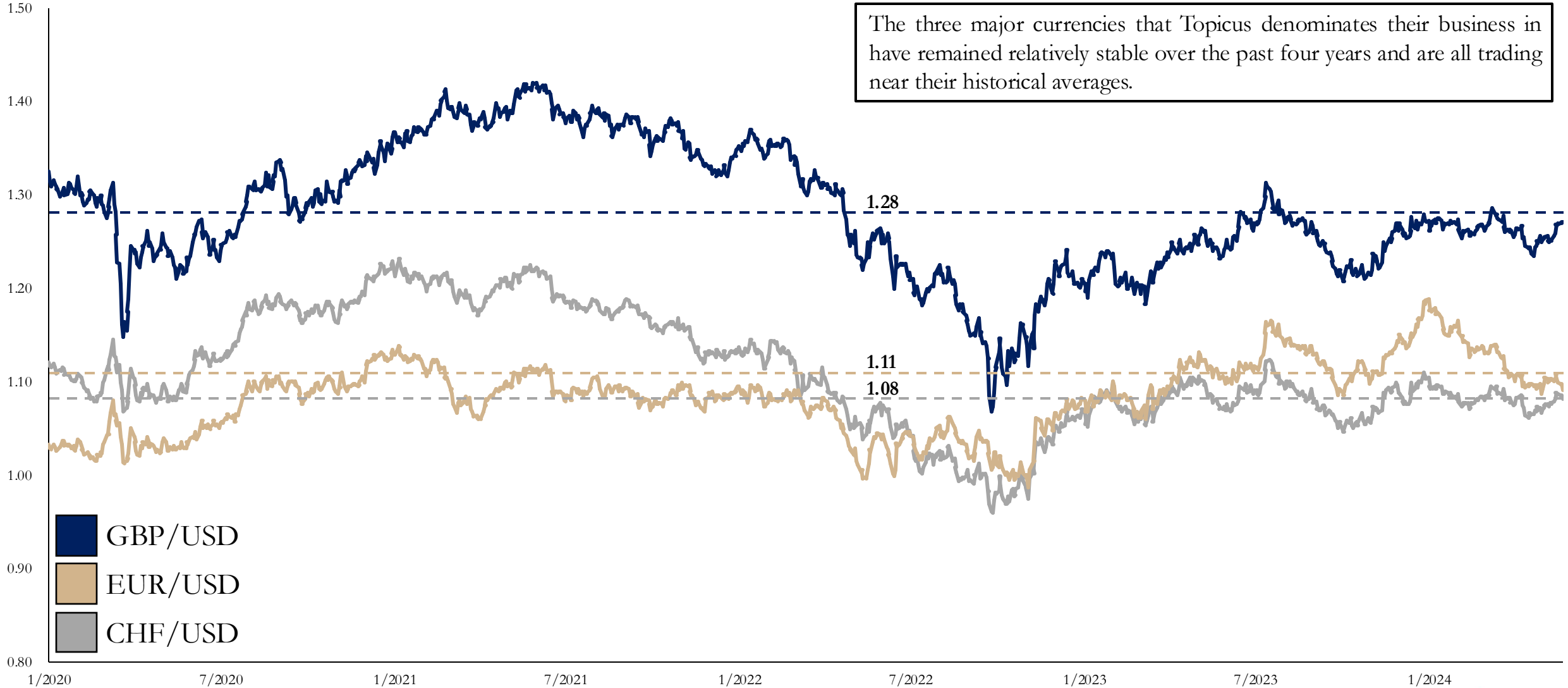
Source: Jefferies

# Risk & Mitigants

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# Exchange Rate Effects: Currency/USD

While Topicus is subject to devaluation risk, it is widely mitigated when considering the primary currencies they do business with



## Navigating regulatory landscapes and acquisition opportunities

### Regulatory Risk



- Potential forced breakup or divestiture if a company becomes too dominant in the European market, raising antitrust concerns.

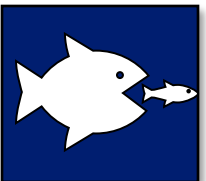


- Varying regulatory landscapes across different jurisdictions, complicating scalability.

### Lack of Opportunities

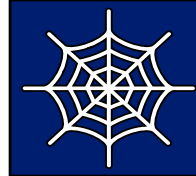


- Rigid investment criteria may lead to a scarcity of potential targets, as experienced by Constellation Software Inc. (CSI) in recent years.



- Increased competition from PE and other acquirers could drive up valuations, making it harder for Topicus to find attractively priced targets.

### Niche Market Focus



- Topicus acquires companies in small, niche markets, limiting significant market dominance and allowing them to operate fly under the regulatory radar.



- As outlined earlier in the pitch, the varying regulation of the European market is beneficial to Topicus, as it allows them to acquire niche targets.

### Experienced Management



- Topicus benefits from the guidance of Mark Leonard, the mastermind behind CSI, so they are unlikely to make the same mistakes.



- European private equity competition lags North America. Topicus also benefits from its long-term holding model, which makes it an attractive buyer.

# Investment Proposal

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We propose to buy 25 shares of TOITF at a share price of \$81.68 for a total **purchase price of \$2,042**

The investment horizon for this pitch is 10 – 20 years.