TOI.V gideon lens

Topicus.com Inc. - Gideon Lens Main Narrative

Ticker: TOI.V

Date: 2026-05-30

- Today: 2026-05-30.
- Company fiscal year convention: fiscal year ends December 31.
- Latest official period: Q1 2026, three months ended 2026-03-31, announced 2026-05-05.
- TTM anchor: FY2025 plus Q1 2026 less the recast Q1 2025 comparative from the Q1 2026 interim statements, producing TTM ending 2026-03-31.
- Horizon: TTM plus five calendar years, ending 2031-03-31.

Verdict: PASS

Scorecard:

Gate	Result	Notes
Management	YELLOW	Strong operators, but CSI/Coop control limits minority clarity
Moat	YELLOW	Real VMS switching costs, but 2046 proof remains incomplete
P/E <= 15 on confident EPS at TTM + 5 calendar years	FAIL	Base EPS EUR 1.97 vs EUR 4.14 required; -52.5% cushion
Compounder Score	Audited 45 / 100	Diagnostic Reject; quality exists but valuation and ROIIC gaps dominate
Business Quality Score	Audited 44 / 80	Good VMS evidence, but under-disclosed organic/acquired-cohort returns
20% Return UW Score	Audited 1 / 20	Current EUR 62.04 equivalent price fails bear, base, and bull

One-line thesis (or reason to pass): Topicus is a real vertical-market-software platform, but the current price already discounts far more five-year earnings power than the verified model can defend.

Kill / trigger criteria:

- BUY trigger: price below roughly EUR 29.49 equivalent, or about CAD 47.4 at 1 EUR = 1.6074 CAD, before adding a margin of safety; qualitative gates also need upgrade from YELLOW.
- PASS trigger: organic growth below 3% in at least two of the next four quarters, or below 4% TTM, while acquisition spending remains material.
- PASS trigger: FCFA2S per fully diluted share grows below 5% while debt, NCI complexity, or acquisition consideration rises.
- PASS trigger: related-party channels widen, Asseco/investment accounting remains opaque, or acquired-cohort returns remain undisclosed after major capital deployment.
- Upgrade to BUY conditions: sustained recurring organic growth above mid-single digits, clearer retention/ARR or acquired-cohort FCFA2S returns, stable mid-teens margins, and a price reset that clears the P/E 15 gate.

Position sizing if bought: 0% today. If the price and qualitative gates later clear, start small because valuation depends on acquisition-led compounding and minority-holder structure rather than a simple owner-operated SaaS model.

Bottom Line

Topicus is a better business than the final verdict may imply, but ER2 is not asking whether the company is good. It is asking whether the company clears three hard gates: management, moat, and P/E at or below 15 on confident FY+5 EPS. Topicus does not. Management is YELLOW, moat and 2046 durability are YELLOW, and the valuation gate fails decisively.

The synthesis uses TOI.V's CAD 99.73 share price, converts it into EUR at the 2026-05-29 ECB/Bank of Italy reference rate of 1 EUR = 1.6074 CAD, and applies the P/E 15 test in EUR. That produces an EUR 62.04 equivalent share price and a required FY2031 EPS of EUR 4.14. The base case produces only EUR 1.97 of normalized fully diluted EPS. Even the bull case reaches only EUR 2.50. The base-case cushion is negative 52.5%.

This is not a hostile operating model. Base-case revenue grows from TTM EUR 1.632B to EUR 2.553B by 2031-03-31, a 9.3% five-year CAGR. Normalized operating income reaches EUR 364M. Recurring maintenance revenue, the highest-quality line, grows to EUR 1.905B. The model gives Topicus credit for a durable installed base and continued acquisition contribution. It still fails the valuation gate because today's price already assumes a much larger earnings base, a higher terminal multiple, or both.

Business Quality

Topicus is a European vertical-market-software acquirer and operator associated with Constellation Software. The company reports under IFRS in EUR and trades on the TSXV in CAD. Its operating model is not conventional single-product SaaS. It is a decentralized portfolio of vertical software businesses serving public-sector, healthcare, education, finance, and other specialized workflows. The highest-quality revenue is maintenance and other recurring revenue, which was EUR 1.097B in FY2025, or 70.7% of revenue, and EUR 1.157B on a TTM basis through 2026-03-31.

The business has genuine strengths. Vertical software tends to embed deeply into customer workflows. Customers often face data migration, process disruption, compliance risk, integration work, and user retraining if they switch vendors. That supports retention and pricing resilience. Topicus also benefits from the Constellation-style playbook: decentralized operators, disciplined acquisition hunting, and reinvestment of FCFA2S into additional vertical-market businesses.

The business-quality issue is not whether those strengths exist. They do. The issue is whether the public evidence is sufficient to underwrite a high-confidence 20-year compounder at today's price. Topicus discloses one IFRS reportable segment. It does not disclose ARR, NRR, churn, customer retention, product margins, customer cohorts, acquired-vintage returns, or business-unit economics. It does disclose revenue by type: Maintenance and other recurring, Professional services, License, and Hardware and other. Those lines are useful, but they are not enough to prove the economics of every acquired cohort or the durability of every workflow.

Growth also needs to be parsed carefully. FY2025 revenue grew 20% and Q1 2026 revenue grew 23%, but organic growth was 4% and 5%, respectively. The gap is acquisition contribution. Acquisition-led growth can compound for a long time if capital allocation is exceptional, but it is a different underwriting problem from organic SaaS growth. The red-team appendix states the point cleanly: Topicus can remain a good VMS platform while being a bad stock if the current price capitalizes acquisition returns and recurring durability that public disclosures do not prove.

Moat And Management

The moat is real but not clean enough for a PASS. The strongest moat sits in maintenance and other recurring revenue. That line has high switching costs, workflow embeddedness, and mission-critical characteristics. Professional Services is weaker: it can support implementation, modernization, and customer intimacy, but it is labor-intensive and more exposed to AI-enabled productivity, automation, and customer procurement pressure. License and Hardware and other are small and not thesis-driving.

The 2046 test is plausible but unresolved. A credible 2046 Topicus can still operate decentralized European VMS businesses, own specialized workflow software, and reinvest cash into acquisitions. The unresolved question is whether the public company shareholder gets high durable per-share economics after acquisition prices, NCI/exchangeable units, related-party structure, integration burden, AI modernization, and under-disclosed acquired-cohort returns. The moat appendix therefore lands at YELLOW/YELLOW, not PASS.

Management is also YELLOW. Robin van Poelje and the Topicus/Constellation ecosystem have credible operator alignment and a coherent capital-allocation model. Compensation and ownership structures encourage long-term thinking. The company has grown FCFA2S and recurring revenue, and the acquisition model is internally consistent.

The minority-shareholder caveat is substantial. CSI controls 74.3% of votes, nomination rights are dominated by CSI/Joday/Ijssel channels, Topicus Coop and exchangeable units create complexity, and related-party channels require monitoring. CFO Jamal Baksh is CSI-compensated and shared, which may be efficient but weakens independent minority optics. None of this proves abuse. It does mean the management gate is not clean enough for a 20-year public-minority compounder pass.

Valuation

The valuation failure is decisive. The synthesis base case uses reviewed revenue-type appendices, a fully diluted share count of 129.841819M, a normalized operating-income proxy, a 25.8% tax anchor, and no Asseco/investment-accounting uplift. It produces:

Case	Revenue	OI	OI margin	NI	EPS	EPS x 15	Vs. current EUR 62.04
Bear	EUR 2.125B	EUR 0.270B	12.7%	EUR 0.182B	EUR 1.40	EUR 21.03	-66.1%
Base	EUR 2.553B	EUR 0.364B	14.3%	EUR 0.255B	EUR 1.97	EUR 29.49	-52.5%
Bull	EUR 2.882B	EUR 0.453B	15.7%	EUR 0.325B	EUR 2.50	EUR 37.50	-39.6%

The important detail is that even the bull case fails the P/E 15 gate. A different investor could use a longer DCF, a premium terminal multiple, or a Constellation-quality scarcity premium. ER2 does not. Under ER2, the base case must clear today's price at 15x five-year-forward EPS. Topicus needs EUR 4.14 of FY2031 EPS to pass. The model produces EUR 1.97.

The audited Compounder Score reaches the same conclusion from another angle. The audited total is 45/100, Business Quality is 44/80, and 20% Return Underwriting is 1/20. The score is diagnostic, not a gate, but it reinforces the gate result: credible VMS quality is present, but acquisition-heavy growth, incomplete ROIIC evidence, NCI/control complexity, Asseco accounting, missing KPIs, and price make the current setup unattractive under the 20% hurdle.

What Would Change The View

The first route to a better view is price. The base-case P/E 15 value is EUR 29.49 per fully diluted share, or roughly CAD 47.4 at the 1.6074 CAD/EUR rate used in the synthesis. ER2 would still require qualitative upgrades, so this is not an automatic buy price. It is the mechanical value where the P/E 15 gate begins to clear on the current base model.

The second route is evidence. Topicus would need to show recurring organic growth above mid-single digits, stable or improving mid-teens operating economics, and FCFA2S per fully diluted share growth that does not rely solely on acquisition volume. The most useful disclosures would be acquired-cohort revenue, FCFA2S, retention, purchase price, and realized return by vintage; ARR or recurring revenue retention; product or revenue-type margins; and clearer treatment of Asseco/investment-accounting effects.

The third route is governance clarity. Continued related-party discipline, clearer minority-holder economics, and more transparent CSI/Coop/NCI reporting would help move management from YELLOW toward PASS. The current setup may be rational, but ER2 requires high confidence in how minority shareholders participate in the compounding.

Until those change, Topicus is a PASS. The company is credible. The price is not.

Appendix A - Company Primer

Topicus.com Inc. (TOI.V) - Company Primer

Date: 2026-05-30 Currency convention: financial statement figures are in EUR unless explicitly stated. The listed share price and market capitalization for TOI.V are in CAD and are not mixed with EUR earnings or cash-flow figures.

Source Note

This primer uses `quant_foundation.md` as the primary source for financials. `data_package.md` was not available in the workdir at the time of writing, so qualitative context is anchored in official Topicus.com Inc. filings and releases: the FY2025 annual financial statements, FY2025 MD&A, Q1 2026 release and interim statements, and Constellation Software's Topicus spin-out announcement. FMP was used only through the already-cleared quantitative foundation, which documents that FMP product segmentation is empty and that official Topicus/SEDAR values control for this foreign-issuer analysis.

1. Business Overview

Topicus.com Inc. is a European vertical-market-software acquisition and operating platform. Its operating businesses build, buy, and manage software companies that serve narrow industry workflows where generic horizontal software is not a good substitute: public administration, healthcare, education, social services, financial services, accountancy, legal services, real estate, automotive, maritime, retail, professional associations, planning, chemicals, and related verticals. The company describes the model directly in its FY2025 MD&A: it acquires, manages, and builds VMS businesses, primarily in Europe, and those businesses generally provide mission-critical solutions tailored to customers in specific vertical markets.

For a reader new to the company, the most important point is that Topicus is not a single software product company. It is a holding and operating system for many small and mid-sized software businesses. The typical acquired business has a specialized application, a customer base that depends on that application for a recurring workflow, and enough domain knowledge embedded in the product that replacing it is operationally inconvenient. Topicus then tries to preserve local customer intimacy while applying a Constellation-style capital allocation and operating discipline.

The customer set is broad but specific at the individual business-unit level. In government software, the buyer may be a municipality or public-sector agency. In healthcare, education, or social services, the buyer may be a regulated service provider or institution. In financial services, accountancy, legal, automotive, or maritime software, the buyer is usually a commercial organization whose staff use the software to run a specialized workflow. Topicus' value proposition is not "better office productivity"; it is software that helps a customer comply with local regulation, digitize a specific process, connect participants in a vertical ecosystem, and maintain continuity in a process where failure is expensive.

Sales motion is therefore mostly direct and relationship-led, not self-serve. Many contracts bundle software, maintenance, implementation, customization, training, support, hosting, and sometimes hardware. The FY2025 financial statements state that contracts often contain multiple products and services, including licenses, hosted SaaS, maintenance, professional services, and hardware. This means customers often buy a solution package rather than a single SKU. Professional services and implementation remain economically important because many products must be configured around local processes, legacy data, and regulation.

Topicus is closely linked to Constellation Software. Constellation completed the Topicus spin-out in 2021 and retained structural control through a super voting share. The spin-out release framed Topicus as a company able to build a leading European VMS platform while remaining part of Constellation's global ecosystem. That relationship matters because it connects Topicus to the Constellation playbook: decentralized operating autonomy, high hurdle rates for capital deployment, small-company acquisition sourcing, and a long holding period for acquired VMS assets. At the same time, Topicus is not simply "Constellation Europe." The operating platform combines Total Specific Solutions, a pan-European VMS group, with the original Topicus platform-oriented Dutch business, and it has a distinctive Topicus Coop structure with material non-controlling interests.

2. Revenue Architecture

Topicus reports one IFRS reportable segment. The annual statements say the company has three operating segments that operate as "mini Topicus companies" but aggregates them into one reportable segment under IFRS 8. For investor orientation, the more useful architecture is revenue by type and geography, because those disclosures explain the quality and

repeatability of revenue.

FY2025 Revenue By Type

Revenue type	FY2025 revenue (EUR k)	% of FY2025 revenue	What it represents
License	43,891	2.8%	Perpetual or term software license fees, usually upfront or multi-year.
Professional services	371,935	24.0%	Implementation, integration, customization, training, consulting, and related project work.
Hardware and other	39,410	2.5%	Third-party hardware resale, internally assembled hardware, travel reimbursement, and other solution components.
Maintenance and other recurring	1,097,066	70.7%	Support, maintenance, SaaS/subscription revenue, hosted products, managed services, transaction revenue, and combined support contracts.
Total	1,552,302	100.0%	One reportable segment under IFRS.

Maintenance and other recurring revenue is the economic core. At EUR 1.097 billion in FY2025, it represented about 71% of revenue. This line includes post-delivery support on software products plus recurring SaaS, subscription, hosted, managed-service, transaction, and combined software/support contracts. In vertical software, maintenance is especially valuable because the software tends to sit deep inside customer operations. Renewal decisions are influenced by switching cost, workflow familiarity, regulatory localization, embedded data, and the customer's tolerance for implementation risk.

Professional services are the second-largest revenue type. At EUR 371.9 million, or about 24% of FY2025 revenue, this line shows that Topicus' businesses are not pure plug-and-play SaaS companies. Implementation, integration, training, and customized programming are often needed to make a vertical system work in a customer's real environment. This is lower-quality revenue than recurring maintenance because it is more labor-driven and project-based, but it also reinforces customer stickiness: a complex implementation can deepen the product's place in the customer's workflow.

License revenue is small at 2.8% of FY2025 revenue. It comes from on-premise software licensed under multiple-year or perpetual arrangements. The small percentage does not mean Topicus has no software IP; rather, the company has a revenue model dominated by maintenance, support, hosting, SaaS, and services instead of large upfront license sale recognition. License lines can be uneven because the timing of license starts and renewals can shift quarter to quarter.

Hardware and other revenue is also small, at 2.5%. This line is mostly enabling revenue: third-party equipment, customized hardware, and reimbursements that form part of a customer solution. It is strategically less important than maintenance and services, and likely carries lower gross-margin quality because hardware resale economics are structurally thinner than software.

Geography

Geography	FY2025 revenue (EUR k)	% of FY2025 revenue
Netherlands	689,253	44.4%
Rest of World	863,049	55.6%
Total	1,552,302	100.0%

Topicus is primarily European, with a strong Dutch base and a widening pan-European footprint. The FY2025 statements disclose revenue by customer location: the Netherlands generated EUR 689.3 million, while Rest of World generated EUR 863.0 million. The "Rest of World" label should not be read as a global software company in the U.S. mega-cap sense; the company's operating footprint is predominantly Europe, with acquired and operated businesses across countries such as the Netherlands, Belgium, Germany, the Nordics, France, Italy, Spain, Romania, Switzerland, the United Kingdom, Poland, and other European markets. The non-current asset base expanded materially outside the Netherlands in 2025, consistent with acquisition-driven expansion.

Latest TTM Revenue Mix

The QF builds TTM revenue as FY2025 plus Q1 2026 less the recast Q1 2025 comparative, producing TTM revenue of EUR 1.632 billion through 2026-03-31.

Revenue type	TTM revenue (EUR k)	% of TTM revenue
License	46,013	2.8%
Professional services	387,851	23.8%
Hardware and other	41,976	2.6%
Maintenance and other recurring	1,156,555	70.9%
Total	1,632,395	100.0%

The TTM mix confirms that Topicus remains a recurring-revenue-heavy VMS platform. Maintenance and recurring revenue grew from EUR 1.097 billion in FY2025 to EUR 1.157 billion on a TTM basis, while professional services remained about one-quarter of revenue. That mix is attractive for resilience, but not the same as a high-margin cloud-only SaaS model; the business still carries meaningful people, implementation, acquisition integration, and amortization costs.

3. Unit Economics

Topicus does not disclose segment-level gross margin or operating income by revenue type. It reports one segment, and the QF confirms that every product line maps to that single reportable segment. Unit economics therefore have to be read from the revenue mix and consolidated expense structure rather than from separate segment P&Ls.

The best way to think about one euro of Topicus revenue is as a blend of three economic streams. The first stream is recurring maintenance, support, hosting, SaaS, managed services, and transaction revenue. This is the highest-quality stream because it tends to renew and has software-like incremental economics once the product, customer support base, and hosting infrastructure are in place. It is not costless: vertical software businesses need product maintenance, regulatory updates, customer support, hosting, and sometimes local service teams. But it is the stream most likely to generate durable cash flow.

The second stream is professional services. This revenue converts into profit through staff utilization, billing rates, delivery discipline, and project scope control. The FY2025 MD&A says staff costs increased primarily because acquisitions increased headcount. Staff expense was EUR 835.1 million in FY2025, or 53.8% of revenue, making labor the central cost line. That is normal for a VMS acquirer with implementation-heavy solutions: people deliver services, support customers, localize products, and sustain domain expertise.

The third stream is hardware and other revenue. It is likely lower-margin and more working-capital-sensitive, but it is small. Hardware can be necessary in vertical solutions where software is tied to physical workflows, devices, or field operations. Because it represented only 2.5% of FY2025 revenue and 2.6% of TTM revenue, it should not drive the thesis unless it grows materially or signals a change in acquisition mix.

FY2025 operating cost structure shows the shape of the model. Staff was EUR 835.1 million, third-party license/maintenance/professional services expense was EUR 133.3 million, travel/telecom/supplies/software/equipment was EUR 64.2 million, depreciation was EUR 41.7 million, professional fees were EUR 23.7 million, hardware expense was EUR 24.0 million, and occupancy was EUR 11.8 million. These MD&A-defined expenses totaled EUR 1.156 billion, or 74% of FY2025 revenue. The full income statement then includes amortization of intangible assets of EUR 162.6 million, a major cost line created by acquisition accounting.

Capital intensity is low in the conventional fixed-asset sense. FY2025 property and equipment purchases were EUR 10.7 million against EUR 1.552 billion of revenue, and TTM property and equipment purchases were EUR 11.0 million. The true capital intensity is not factories or servers; it is acquisition capital and people. Topicus' reinvestment engine is to convert operating cash flow and FCFA2S into acquisitions that meet hurdle rates. The FY2025 MD&A defines FCFA2S as operating cash flow after lease interest, other facility interest, transaction costs, lease repayments, property and equipment purchases, plus interest/dividends received and certain proceeds, with the portion attributable to non-controlling interests deducted. Management explicitly says the objective is to invest all FCFA2S in acquisitions that meet the hurdle rate.

This creates a key analytical distinction. IFRS net income can be noisy because amortization, acquisition accounting, Asseco investment accounting, derivative revaluations, dilution gains, fair-value movements, and non-controlling interests all run through or around the income statement. Cash generation is more informative, but FCFA2S is non-IFRS and must be reconciled carefully. FY2025 CFO was EUR 412.7 million and FCFA2S was EUR 218.7 million. TTM CFO was EUR 421.7

million and TTM FCFA2S was EUR 222.4 million. The gap between CFO and FCFA2S reflects interest, leases, capex, receipts, and the non-controlling-interest allocation.

4. Acquisition Platform And Corporate Structure

Topicus' growth algorithm is organic growth plus acquired revenue. FY2025 revenue increased 20%, but organic growth was 4%. Q1 2026 revenue increased 23%, with organic growth of 5%. That is the central primer fact: the reported top line compounds through acquisitions, while same-business organic growth is positive but modest. This is not a classic high-organic-growth SaaS story. It is an acquisition compounder that needs a long runway of small European VMS deals, disciplined underwriting, and post-acquisition operating improvement.

The Constellation connection is a strength and a governance complexity. The 2021 spin-out announcement said Topicus would operate on a strongly decentralized basis, with autonomy, entrepreneurship, and identity for business units, while exchanging best practices globally. That maps to the operating philosophy disclosed in the FY2025 statements: operating segments function as mini Topicus companies, and operating segment CEOs focus on investing capital at or above head-office and board hurdle rates.

Capital allocation is decentralized but not casual. The annual statements say the board reviews and approves material non-ordinary-course transactions, significant acquisitions, and major investments above predetermined quantitative thresholds. That matters because Topicus operates with a broad funnel of potential acquisitions, including many small vertical software businesses, but also has the capacity for larger corporate actions such as the Asseco Poland investment.

The Topicus Coop structure is central to per-share analysis. At December 31, 2025, Topicus held 83,338,873 Topicus Coop ordinary units, representing 64.18% equity ownership. CSI, Joday Group, and Ijssel Group held exchangeable units that are directly or indirectly exchangeable into subordinate voting shares. On a fully diluted basis, there would be 129,841,819 subordinate voting shares outstanding. Constellation also holds the super voting share, which gives it 50.1% of aggregate voting power. This means public subordinate shareholders participate economically, but control and exchangeable-unit accounting need careful treatment.

Non-controlling interests are not a footnote. QF reports non-controlling interests of EUR 308.0 million at FY2025 and EUR 326.6 million at Q1 2026. The NCI structure includes Topicus Coop exchangeable units and minority stakes in subsidiaries such as GeoSoftware, Sygnity, and Geoactive. This affects net income attributable to Topicus, diluted EPS, FCFA2S, and any valuation bridge. Investors should avoid using consolidated revenue and consolidated CFO as though 100% belongs to TOI subordinate shareholders.

The Asseco Poland investment also complicates reported earnings. Topicus made a large investment in Asseco in 2025, and FY2025 net income declined despite revenue and CFO growth because of a EUR 221.7 million expense associated with applying the equity method and recording the investment at cost. The FY2025 release also references income from derivatives, fair-value adjustments, and a dilution gain associated with Asseco. For the primer, the point is not whether Asseco is good or bad; the point is that Topicus' reported net income can diverge sharply from operating VMS economics.

5. Financial Snapshot

Metric	FY2025	Q1 2026	TTM through 2026-03-31	Notes
Revenue	1,552.3m	435.7m	1,632.4m	EUR; official values from QF.
Net income attributable to Topicus	41.8m	34.2m	31.2m	EUR; affected by Asseco/investment accounting.
Diluted EPS numerator	65.7m	53.0m	48.7m	EUR; diluted basis includes Coop exchangeables.
Approx diluted EPS	0.50	0.41	0.375	EUR per diluted share.
CFO	412.7m	280.5m	421.7m	EUR; operating cash flow.
FCFA2S	218.7m	165.4m	222.4m	EUR; non-IFRS, after shareholder-level adjustments.
Cash	326.7m	331.2m	N/A	Balance-sheet date.
Net debt incl. leases	464.2m	215.0m	N/A	Debt and leases less cash.
Diluted shares	129.842m	129.842m	129.842m	Fully diluted share framework.

Topicus has a high-quality revenue mix and strong cash conversion, but reported earnings are messy. The company's TTM diluted EPS of roughly EUR 0.375 is not a clean normalized earnings base because the TTM bridge subtracts a recast Q1 2025 that contains major Asseco effects. A later ER2 synthesis should normalize operating software earnings separately from investment-accounting noise, amortization, NCI, financing, and acquisition-related items.

The market data in QF reported a TOI.V price of CAD 99.73 and market cap of CAD 8.31 billion. Those figures are CAD. All revenue, CFO, FCFA2S, net income, debt, and EPS figures above are EUR. A valuation multiple should use an explicit EUR/CAD exchange rate at the valuation date. Any shortcut that divides CAD price by EUR EPS without FX would be wrong.

6. Competitive Position And Customer Stickiness

Topicus' competitive position comes from many local monopolies and near-monopolies rather than one global product moat. Vertical-market software often wins by accumulating small advantages: domain-specific functionality, compliance with local rules, trained customer staff, historical data, integrations, service relationships, and low tolerance for disruption. A municipality, school, care provider, legal practice, or trade association may not want to replace software that runs an essential workflow unless the incumbent fails badly or the cost gap becomes extreme.

The company's revenue mix supports that story. Maintenance and other recurring revenue is about 71% of revenue, and no customer represented more than 5% of revenue in FY2025 or FY2024. That suggests a diversified base of customers and products rather than dependency on one contract. Diversification is an important defense in the Constellation model: individual products can mature, disappoint, or be disrupted, but the portfolio can continue compounding if the acquisition engine adds new durable niches.

The main strategic risk is that decentralization can hide uneven quality. A holding company can report healthy aggregate recurring revenue while individual units face product debt, customer churn, weak sales execution, or AI-enabled competition. Topicus' own FY2025 MD&A added a specific AI risk: competitors may incorporate AI faster or more successfully, AI may reduce barriers to entry, and AI solutions may bring legal, ethical, privacy, cybersecurity, IP, and regulatory risk. In vertical software, AI is both a tool and a threat. It can improve support, coding, workflow automation, and customer product features, but it can also lower the cost for new entrants to build specialized tools.

For now, AI disruption looks manageable rather than disqualifying because Topicus sells mission-critical workflows embedded in regulated local contexts. A generic AI application is unlikely to replace a municipal, healthcare, education, or financial workflow system overnight. However, AI can pressure pricing and functionality at the edges: reporting, customer service, form processing, workflow automation, compliance assistance, and custom software development. The risk is less "all revenue disappears" and more "organic growth and margins slowly compress if acquired units do not modernize."

7. Risks And Analyst Watch Items

The first risk is acquisition discipline. Topicus needs acquisitions to sustain reported growth above organic growth. FY2025 organic growth was 4% and Q1 2026 organic growth was 5%, while reported revenue growth was 20% and 23%, respectively. If acquisition multiples rise, deal quality declines, or integration consumes more management attention, reported growth can continue for a while but economic returns may deteriorate.

The second risk is accounting opacity. Investors must separate operating VMS performance from Asseco-related gains, losses, derivative effects, equity-method accounting, fair-value adjustments, dilution gains, amortization, and NCI allocations. FY2025 net income attributable to Topicus was only EUR 41.8 million despite CFO of EUR 412.7 million and FCFA2S of EUR 218.7 million. That gap is explainable, but it means simple P/E screens can mislead in both directions.

The third risk is leverage and liquidity. Topicus is not overlevered on the Q1 2026 balance sheet, with net debt including leases of EUR 215.0 million and cash of EUR 331.2 million, but acquisition platforms often use credit facilities opportunistically. FY2025 included a EUR 700 million multicurrency revolving facility amendment and a EUR 200 million Schuldschein loan. Debt can be useful if acquisitions meet hurdle rates, but it increases sensitivity to rates, refinancing conditions, and acquisition timing.

The fourth risk is governance and related parties. The Constellation ecosystem is a source of know-how and control discipline, but it also creates related-party transactions and a control structure public shareholders must understand. The FY2025 MD&A discloses transactions with CSI, other entities under CSI control, Vela, and companies affiliated with key management personnel. None of these automatically breaks the thesis, but they require monitoring because minority shareholders rely on governance quality and fair capital allocation.

The fifth risk is public-sector and regulated-market exposure. Many verticals served by Topicus are stable, but public-sector procurement cycles can be slow, regulated customers can be demanding, and local political or budget conditions can affect renewal, implementation, and pricing. The flip side is resilience: mission-critical software used by public and regulated customers can be harder to displace.

Key items for the main ER2 work to watch:

- Organic growth by revenue type, especially maintenance and other recurring revenue, because this is the cleanest sign of underlying portfolio health.
- Acquisition consideration, deferred payments, and post-acquisition revenue contribution, because reported growth is acquisition-heavy.
- FCFA2S after NCI and financing costs, because it approximates cash available to public-shareholder compounding.
- Net debt including leases and maturity structure, especially if Topicus accelerates acquisitions.
- Asseco accounting and cash economics, because the investment can overwhelm reported net income.
- Topicus Coop ownership, exchangeables, and NCI, because diluted share count and shareholder-level cash flow are central to valuation.
- AI-related product modernization, because slow adoption could pressure vertical niches over time.

8. Primer Bottom Line

Topicus.com Inc. is best understood as a Constellation-linked European VMS compounder, not a conventional SaaS company. It owns and operates many specialized software businesses, keeps them decentralized, and aims to reinvest shareholder-level free cash flow into more VMS acquisitions. The strongest attributes are recurring revenue, diversified vertical exposure, low fixed-capital intensity, customer stickiness, and a proven ecosystem connection to Constellation Software.

The hardest parts of the analysis are not identifying the business model; they are normalizing the economics. Topicus has one reportable segment, many operating units, material non-controlling interests, a complex Coop/exchangeable-unit structure, large acquisition accounting amortization, and 2025 Asseco effects that distort net income. The correct ER2 lens should therefore separate operating VMS economics from investment-accounting noise, keep EUR financials separate from CAD market price, and underwrite whether the acquisition engine can keep deploying capital at high returns for many years without overpaying or losing organic vitality.

Sources

- Quantitative foundation: `C:\Users\Admin\OneDrive\GPT\ER 2.0\Topicus.com Inc\quant_foundation.md`.
- Topicus FY2025 MD&A: `https://cdn.topicusplatform.nl/__/topicuscom/q4-2025/topicus-mda-q425-final.pdf`.
- Topicus FY2025 annual financial statements: `https://newsfile.futunn.com/public/NN-PersistNoticeAttachment/7781/20260226/SEDAR_PLUS/CSA_SEDAR_PLUS_NOTICE_RECORD_ID_2328339.pdf`.
- Topicus Q1 2026 release and interim statements: `https://www.globenewswire.com/news-release/2026/05/05/3288363/0/en/constellation-software-inc-and-topicus-com-inc-announce-results-for-topicus-com-inc-for-the-first-quarter-ended-march-31-2026.html`.
- Topicus FY2025 release: `https://www.globenewswire.com/news-release/2026/02/25/3245107/0/en/Constellation-Software-Inc-and-Topicus-Com-Inc-Announce-Results-for-Topicus-com-Inc-for-the-Fourth-Quarter-and-Year-Ended-December-31-2025.html`.
- Constellation Topicus spin-out release: `https://www.csisoftware.com/constellation-software-inc.-completes-spin-out-of-topicus.com-inc/`.

Appendix M - Management Assessment

Topicus.com Inc. - Management Assessment

Date: 2026-05-30. Ticker: TOI.V. Company: Topicus.com Inc. Reporting currency: EUR unless otherwise stated. This appendix applies the ER2 management gate to Topicus as a minority-shareholder investment, using `data_package.md` as the verified source for capital allocation history, related-party/control structure, NCI and exchangeable-unit mechanics, and official management commentary. Live source checks in this M-agent pass covered the 2026 management information circular dated March 28, 2026, FY2025 MD&A, FY2025 annual financial statements, Q4/FY2025 release, Q1 2026 release, and public insider-transaction screens as supplementary evidence. No local-cache source fallback was used.

1. Who Is Running The Company

Topicus is run by a founder/operator structure sitting inside the Constellation Software ecosystem. Robin van Poelje is Chairman and Chief Executive Officer. The 2026 circular says he founded Total Specific Solutions, joined Constellation when CSI acquired TSS in January 2014, ran TSS from 2010 to 2020, and was named CEO of Topicus.com Inc. in 2021. That is enough tenure to own the current strategy: the post-spin Topicus model, the acquisition-led European vertical-market software platform, the Asseco investment, and the Topicus Coop exchangeable-unit structure are not inherited problems for a new outsider; they are part of the system led by van Poelje and the CSI/Joday/Ijssel shareholder group.

Jamal Baksh is Chief Financial Officer of Topicus and also CFO of Constellation Software. The circular states that he does not receive Topicus compensation for the CFO role and is compensated by CSI. That is unusual for a public minority shareholder because the finance function is shared with the controlling shareholder rather than economically independent of it. The practical benefit is that Topicus gets a CFO trained inside the CSI reporting and acquisition discipline. The governance cost is that minority holders do not have a CFO whose employment economics are set only by Topicus.

The decentralized operating leaders are explicit. The 2026 circular defines three operating groups: TSS Blue, led by Ramon Zanders; TSS Public, led by Han Knooren; and Topicus, led by Daan Dijkhuizen. That matters more than a standard software-company org chart. Topicus aggregates operations into one IFRS reportable segment, but the operating model is a portfolio of mini-companies and operating groups that deploy capital locally. The data package confirms one reportable segment and warns not to convert NCI components into reportable operating segments.

The board is five directors: Donna Parr, John Billowits, Robin van Poelje, Alex Macdonald, and Lori O'Neill. Four are identified as independent under Canadian governance definitions; van Poelje is not independent because he is CEO. The board has an Audit Committee and a Compensation, Nominating and Human Resources Committee. The audit committee is independent and has credible accounting/investment experience, with O'Neill, Parr, and Macdonald listed as members. The main accountability concern is not a lack of technical board credentials. It is control: CSI owns the super voting share, holds 48.5% of subordinate voting shares in the circular's table, and controls 74.3% of total voting rights. The board-nomination regime also gives CSI, Joday, and Ijssel contractual rights so long as ownership thresholds are met. Minority holders have economic exposure but not meaningful voting control.

2. Tenure And Track Record

Van Poelje has a long operating record in the exact niche that Topicus now compounds: European vertical-market software. The strongest evidence is not a conference narrative; it is the long duration from TSS founder to CSI operating executive to public-company CEO. He has been in-seat as Topicus CEO since 2021, so the FY2021-FY2025 record is his public-company scorecard.

The three biggest decisions are visible in the numbers. First, Topicus continued the CSI-style acquisition program. Revenue grew from EUR 742.5m in FY2021 to EUR 1,552.3m in FY2025, while maintenance and other recurring revenue rose from EUR 513.1m to EUR 1,097.1m. The record is acquisition-heavy rather than same-store explosive: FY2025 total revenue grew 20%, while organic growth was 4%; Q1 2026 total revenue grew 23%, while organic growth was 5%. That is acceptable for a serial acquirer only if acquired capital clears hurdle rates and per-share cash flow grows. The data package shows FCFA2S rising from EUR 86.8m in FY2021 to EUR 218.7m in FY2025, with TTM FCFA2S at EUR 222.4m after Q1 2026.

Second, Topicus has preserved the decentralized VMS model instead of turning into a central SaaS platform. The circular's operating-group disclosure and the data package's one-segment/taxonomy notes support that reading. This is culturally coherent with CSI, but it makes outside measurement harder because the company does not disclose ARR, NRR, churn,

customer count, vertical-level revenue, or product-level margins.

Third, management made a large Asseco-related capital allocation decision in 2025. The FY2025 MD&A and financial statements show Topicus completed the acquisition of 12,318,863 Asseco treasury shares, moving its ownership above the significant-influence threshold and driving equity-method accounting. This also produced a EUR 221.7m accounting expense related to revaluation and other Asseco effects, depressing FY2025 net income. The Asseco move may fit the broader CSI permanent-minority-investment playbook, but it weakens the clean Topicus VMS operating story because it introduces public-market equity accounting, derivatives, and minority-investment valuation complexity into a company that otherwise would be judged on acquired software cash flows.

The track record is not blemish-free. FY2025 net income attributable to Topicus holders fell to EUR 41.8m from EUR 92.0m in FY2024, even as revenue and FCFA2S rose. The explanation is largely accounting around Asseco rather than deterioration in core software operations, but the decision still belongs to management. The correct credit is that cash flow and recurring revenue grew; the correct caution is that management chose a complex transaction that reduces transparency for ordinary minority shareholders.

3. Capital Allocation Behavior

The capital allocation pattern is highly consistent with stated strategy. Topicus is not distributing most cash to public shareholders and is not running a buyback program. It is reinvesting software cash flow into acquisitions, R&D, and selected investments. Per the verified data package, capex stayed small at roughly 0.6%-0.8% of revenue from FY2021 through FY2025, while R&D expensed remained heavy at 13.2%-14.1% of revenue in recent years. R&D is expensed rather than capitalized, and FY2025 statements noted no material development expenditures, which improves earnings quality compared with software companies that push product spend onto the balance sheet.

The last five years are clear:

Year	Capex / revenue	R&D / revenue	Buybacks	Dividends	M&A cash outflow	Capital allocation read
FY2021	0.7%	13.4%	None found	None	EUR 213.0m	Combination year and acquisition build-out
FY2022	0.8%	13.7%	None found	Preferred-security payments	EUR 153.8m	Continued VMS acquisition cadence
FY2023	0.7%	14.1%	None found	Small NCI dividend	EUR 113.8m	Lower acquisition spend, FCFA2S recovery
FY2024	0.6%	13.2%	None found	Not material in table	EUR 110.2m	Organic plus bolt-on software acquisitions
FY2025	0.7%	13.3%	None found	Not material in table	EUR 670.0m	Cipal Schaubroeck, other deals, Asseco activity

M&A discipline earns partial credit. The company consistently targets VMS businesses, recurring revenue grew faster than total revenue over FY2021-FY2025, and ROIC approximations stayed mostly in the high teens/low 20s except FY2022. No single acquisition was flagged as an impairment disaster in the verified package. However, the FY2025 cash outflow step-up is large relative to prior years, and the package notes consideration tables, cash obtained, and Asseco outflows that require careful separation. The real test is whether FY2025's much larger capital deployment earns through in FY2027-FY2029 FCFA2S per fully diluted share. Today there is evidence of discipline, not yet proof that the latest step-up was outstanding.

Buybacks are not part of the model. That is acceptable if reinvestment returns exceed repurchase returns. It is not acceptable if the company begins using acquisition growth to mask low organic growth and declining per-share economics. The present record clears "competent allocator" but not "unquestioned allocator" because organic growth is mid-single-digit and future compounding rests heavily on acquisition supply and hurdle-rate execution.

4. Compensation Alignment

Compensation is one of the strongest positives. The Topicus bonus framework uses revenue growth and ROIC, with a risk-free hurdle currently netted from ROIC. The circular says that if ROIC does not exceed the hurdle, the manager receives no bonus. That is the right spirit for a serial acquirer: it discourages buying revenue for its own sake and links incentives to capital productivity. For Daan Dijkhuizen, the growth metric is organic revenue growth, which is especially useful because Topicus's reported growth is acquisition-heavy.

The equity-purchase requirement is also strong. Executive officers must invest 75% of after-tax incentive bonus into subordinate voting shares, held in escrow for a minimum average period of four years, except for a once-in-five-years cash election. Non-employee directors similarly must use after-tax fees to buy shares. This is not a conventional option/RSU plan that rewards stock volatility or grant-date optics. It forces open-market equity ownership with time exposure.

Van Poelje's ownership is material. The 2026 circular lists 36,431 subordinate voting shares and 37,513,627 Topicus Coop ordinary units beneficially held or controlled by him. The Coop units are exchangeable into subordinate voting shares, and the FY2025 MD&A identifies the Joday Group as holding 38,148,221 Topicus Coop ordinary units, or 29.38% of Topicus Coop. That is real founder-owner alignment, not token board stock.

The weaknesses are governance-related. The circular says Topicus does not have a formal anti-hedging policy for directors, officers, or employees. That is a miss, especially for a company relying on equity ownership as a central alignment mechanism. Baksh's compensation is paid by CSI, and his bonus is tied to CSI performance rather than Topicus, which creates an unavoidable parent-company alignment issue. The total disclosed 2025 compensation for van Poelje was EUR 1.821m, up from EUR 1.407m in 2024; Zanders received EUR 1.400m, up from EUR 0.834m. Those levels are not alarming given scale and growth, but investors should monitor whether bonus growth continues to track per-share FCFA2S rather than acquisition volume.

5. Disclosure Quality And Candor

Disclosure quality is the largest management-minus after governance. FMP transcript checks in the data package for FY2025 and Q1 2026 returned empty arrays, and the D-agent found no company-hosted earnings-call transcripts or investor-day transcript. That means the usual ER2 exercise of reading the last eight quarters of Q&A cannot be completed. The absence of transcripts is not automatically evasiveness, but it lowers the evidence quality. We cannot score how van Poelje or Baksh answer hard questions about Asseco, organic growth, margins, AI, acquired revenue quality, or related parties because there is no accessible Q&A trail in the verified source set.

The official releases are concise and consistent. They disclose total revenue growth, organic growth, CFO, FCFA2S, acquisition consideration, and the Asseco accounting explanation. They do not overpromise guidance or present promotional SaaS metrics. The language is sober and CSI-like. The FY2025 release clearly attributes the 20% revenue increase primarily to acquisitions and discloses only 4% organic growth. Q1 2026 similarly discloses 5% organic growth within 23% total growth. That candor deserves credit.

But voluntary operating disclosure remains thin. Topicus does not disclose ARR, NRR, churn, customer count, cohorts, product margins, or vertical revenue. For a VMS acquirer, management may argue these metrics are less meaningful than FCFA2S and ROIC. That is partly fair. Still, minority shareholders are asked to underwrite acquisition quality and durability without the granular data that would reveal same-business retention, pricing power, and acquired-business margin progression. The disclosure style is investable only if the investor is comfortable with CSI-style trust, not if the investor requires SaaS-style operating proof.

6. Strategic Coherence

The strategy is coherent: Topicus acquires, manages, and builds vertical-market software businesses, primarily in Europe, and aims to reinvest FCFA2S into acquisitions that meet hurdle rates. The investment pattern matches that stated strategy. Capex is small because these are software businesses; R&D is expensed and material; acquisitions absorb capital; and the balance sheet was expanded in FY2025 to fund acquisition and investment activity.

There is no evidence of random pivoting. The company remains anchored in VMS, recurring maintenance and SaaS-like revenue, and decentralized operating groups. The FY2025 revenue mix supports the strategy: maintenance and other recurring revenue represented 70.7% of revenue, up from 69.1% in FY2021. Customer concentration is low, with no customer above 5% in FY2024 or FY2025. The acquisition verticals listed in the data package are consistent with the VMS thesis rather than a drift into unrelated technology bets.

The strategic question is Asseco. If Asseco is treated as a capital-allocation extension of the Topicus/CSI ecosystem, it can be coherent: acquire influence in a sizable European software asset where long-duration ownership and operational discipline can matter. If treated as a public equity sidecar inside Topicus, it complicates the public minority thesis. The correct current view is "strategically plausible, not yet proven." It does not break management credibility, but it increases the monitoring burden.

7. Governance Flags

The governance flags are real and must be part of the gate. CSI controls 74.3% of total voting rights through subordinate voting shares plus the super voting share. The board-nomination structure gives CSI three nomination rights while Joday and Ijssel each have one, subject to ownership thresholds. Four of five directors may be independent by regulatory definition, but minority shareholders do not control the board outcome. This is controlled-company governance.

The Topicus Coop structure is economically important. At December 31, 2025, Topicus held 64.18% of Topicus Coop; CSI, Joday, and Ijssel held exchangeable units comprising non-controlling interests. Full dilution would take subordinate voting shares to 129,841,819 after conversion/exchange. This structure aligns van Poelje/Joday with long-term value, but it also makes per-share economics harder to read because consolidated results include NCI deductions and exchangeable-unit mechanics.

Related-party transactions are present and recurring. FY2025 net payments to CSI for management fees and reimbursements were EUR 12.0m; Topicus expensed EUR 3.0m of CSI management fees; Topicus recognized EUR 10.4m of professional-services revenue from other CSI-controlled entities; Vela/CSI reimbursements continued for GeoSoftware and Geoactive; companies affiliated with Henk-Jan Knol received EUR 2.3m for office rentals; and companies affiliated with van Poelje received EUR 2.5m for hosting-related services. These amounts are not large relative to EUR 1.552b revenue, but the volume and variety of related-party channels raise the burden on disclosure and audit oversight.

No material indebtedness of directors/executive officers to Topicus was disclosed in the 2026 circular, and the circular states no informed-person material transaction since January 1, 2025 that materially affected or is reasonably expected to materially affect the company. There was no evidence in the reviewed sources of SEC enforcement, restatement, or material internal-control weakness. Insider-transaction screens show both purchases under employee benefit plans and some sales, including a small Baksh sale and Zanders sales in late 2025; this does not look like a clustered CEO exit signal, especially given van Poelje's large Coop-unit exposure.

8. Peer Comparison

Constellation Software remains the best peer and parent benchmark. CSI has the longer public compounding record, broader operating-group bench, and deeper disclosure/capital-allocation history. Topicus inherits much of that DNA but has a shorter standalone record, less public Q&A, and a more complicated minority-holder structure. Against CSI, Topicus management is strong operationally but weaker on minority-shareholder governance.

Lumine Group is the closest spin-off style peer inside the CSI orbit. Lumine's communications/media focus is narrower, while Topicus is broader European VMS with deeper founder ownership through Joday. Topicus has the benefit of van Poelje's long TSS history and large economic stake; Lumine may offer a cleaner specialist story depending on disclosure and deal cadence. Topicus ranks well on alignment, less well on simplicity.

Roper Technologies is a broader application-software/acquisition peer rather than a pure CSI-style VMS clone. Roper has more conventional U.S. public-company governance and investor communication, but its incentive and acquisition culture is less directly comparable. Topicus's capital allocation DNA is arguably stronger per dollar if the CSI playbook keeps working; Roper is easier for minority investors to analyze.

9. Management Gate Verdict

Management gate: YELLOW. Topicus has the core ingredients Gideon wants in a compounder management team: a founder/operator CEO, long VMS experience, decentralized operating leaders, ROIC-aware incentives, real equity ownership, disciplined R&D accounting, and a capital allocation model that has grown recurring revenue and FCFA2S. I would not call this team mediocre. Operationally, this is a high-quality management system.

It is not a clean PASS for minority shareholders. CSI's super-voting control, contractual nomination rights, shared CFO economics, Topicus Coop exchangeable units, recurring related-party transactions, limited operating KPI disclosure, and lack of accessible earnings-call Q&A create unresolved minority-holder risk. These are not small cosmetic issues; they affect how much trust an outside shareholder must place in the controller and founder group.

The gate stays YELLOW rather than FAIL because there is meaningful economic alignment and no evidence in the reviewed sources of extraction, fraud, chronic dilution, destructive M&A, or evasive guidance. The specific upgrade conditions are: sustained FY2026-FY2028 FCFA2S per fully diluted share growth after the FY2025 acquisition/Asseco step-up; continued disclosure of organic growth, acquisition consideration, FCFA2S, and related-party transactions without widening related-party balances; and clearer investor communication around Asseco's strategic purpose and return targets. Downgrade to FAIL if related-party payments accelerate without better explanation, if Asseco or large acquisitions impair per-share FCFA2S, if

organic growth falls toward zero while acquisition spend rises, or if controller actions dilute or subordinate public minority economics.

Appendix W - Moat and 2046 Durability

Topicus.com Inc. - Moat and 2046 Durability

Date: 2026-05-30. Ticker: TOI.V. Financial-statement currency: EUR. The working source base is `data_package.md`, `appendix_A_primer.md`, live official company filings/releases fetched during the ER2 run, and the completed revenue-type appendices for Maintenance and other recurring revenue, Professional Services, License Revenue, and Hardware and other. Topicus reports one IFRS 8 reportable segment. The appendices reviewed here are therefore economic revenue-type sub-lines, not legal reportable segments or separately disclosed product P&Ls.

1. Moat Taxonomy Applied

Network effects. Topicus has pockets of local network effect, not a single company-wide network effect. The likely examples are vertical systems where municipalities, healthcare providers, education institutions, accounting firms, professional bodies, or regulated commercial participants transact with a common system, share templates, or rely on standardized local process rules. The public disclosure does not quantify user counts, transaction volume, customer cohorts, or two-sided participation, so this cannot be treated as a Microsoft Office-style or marketplace-style network moat. The defensible claim is narrower: in certain verticals, a locally adopted workflow product becomes more useful because adjacent users, regulators, integrators, and service staff know it. That helps retention, but the company-wide moat is not primarily network effects.

Switching costs. This is the core moat. Topicus sells vertical-market software embedded in specialized operational workflows. The FY2025 revenue mix supports the thesis: maintenance and other recurring revenue was EUR 1,097.1m, or 70.7% of revenue, and TTM recurring revenue through Q1 2026 was EUR 1,156.6m. These are not proof of zero churn, because ARR, NRR, customer counts, and retention are not disclosed, but they are consistent with a large installed base that renews support, SaaS, hosted, transaction, and maintenance products. The mechanism is practical rather than glamorous: data migration, process retraining, local regulatory adaptation, integrations, risk of workflow interruption, procurement friction, and vendor knowledge accumulated over years. This moat is strongest in maintenance and other recurring revenue; it is weaker in professional services and minimal in hardware resale.

Scale economies. Topicus has scale economies in acquisition sourcing, operating playbooks, finance discipline, and shared domain expertise, but not necessarily in centralized R&D or hyperscale infrastructure. The company reports one segment and describes operating units as mini companies focused on capital deployment above hurdle rates. The Constellation Software relationship likely improves sourcing discipline, peer learning, and capital-allocation culture. Still, this is a portfolio scale moat rather than a product scale moat. Many acquired units remain small local businesses; scale helps the owner, not always the customer-facing product. The scale advantage can erode if acquisition multiples rise or if the platform outgrows the supply of attractive European VMS targets.

Brand. Topicus has procurement credibility in parts of Europe and benefits from being associated with Constellation's VMS ecosystem, but brand is not the primary moat. Vertical customers usually buy because the product fits a regulated process and because the vendor has domain expertise. Public-sector and regulated buyers may value vendor continuity and balance sheet credibility, especially after an acquisition, yet the individual product brand and local relationship are probably more important than the public-company name. Brand therefore reinforces trust but does not independently protect pricing for twenty years.

Regulatory. Regulatory localization is an important moat contributor. Topicus serves verticals where local rules, public procurement, healthcare/education workflows, tax/accounting requirements, privacy obligations, and national standards matter. A horizontal SaaS vendor or AI-native entrant can generate code faster, but it still must understand and maintain jurisdiction-specific compliance, customer workflows, auditability, and support. This is not a statutory monopoly: regulation does not grant Topicus a license with exclusive economics. It does, however, raise the cost and time required to displace incumbents in many niches.

IP/patents. The moat is not patents. Topicus' defensibility appears to live in accumulated product functionality, customer-specific implementations, data schemas, workflow history, and service know-how. The FY2025 data package notes R&D expensed at EUR 206.0m and no material capitalized development expenditures, which is a useful earnings-quality point but not direct evidence of patent-like protection. Software IP can be copied at the feature level over time, especially as AI lowers development cost. The durable layer must be installed base, domain fit, regulatory trust, and acquisition discipline.

High-trust procurement. This is a genuine moat component. Many customers are public, regulated, or mission-critical commercial users. A municipality, school, healthcare provider, legal practice, or financial-services customer cannot casually replace workflow software that carries operational, compliance, data, and service risk. This does not guarantee high organic growth: FY2025 organic growth was 4% and Q1 2026 organic growth was 5%. But it does explain why the company can sustain a large recurring revenue base and avoid customer concentration, with no customer above 5% of revenue in FY2024 or FY2025.

2. Per-Segment Moat

Topicus officially reports one IFRS segment, so "segment" here means revenue type. This is necessary because product, vertical, ARR, NRR, churn, customer-count, and product-level margin disclosures are absent. The finalized revenue-type appendices keep this boundary explicit and use modeled contribution margins only for forward ER2 scenario work.

Maintenance and other recurring revenue. This is the economic center of the moat. It includes support, maintenance, SaaS/subscription, hosted products, managed services, transaction revenue, and combined software/support contracts. The completed appendix frames this line as the recurring economic core, with FY2025 revenue of EUR 1,097.1m, TTM revenue of EUR 1,156.6m, 70.7% FY2025 mix, a 20.0% FY2022-FY2025 CAGR, and implied Q1 2026 YoY growth of 23.2%. That history is strong, but the reviewer-constrained interpretation is strict: consolidated organic growth was only 4% in FY2025 and 5% in Q1 2026, so much of the reported recurring growth must be acquisition-fed. The moat duration is credible at five and ten years because vertical software replacements are painful and because recurring revenue dominates the mix. The twenty-year durability is plausible but not proven because Topicus does not disclose ARR, NRR, churn, acquired-cohort retention, same-customer expansion, or product-level aging. The earliest warning sign would be recurring organic growth falling below inflation for several quarters, especially if total revenue remains acquisition-supported.

Professional services. The moat is weaker but related. The completed appendix defines this as installation, implementation, training, customization, and consulting attached to Topicus' VMS estate. Professional Services were EUR 371.9m in FY2025, 24.0% of revenue, and EUR 387.8m on a TTM basis. The line grew at a 15.8% FY2022-FY2025 CAGR and had derived Q1 2026 YoY growth of 19.3%, but again this sits inside an acquisition-heavy company. Implementation work reinforces switching costs by embedding data, workflows, training, and integrations; services revenue itself is labor-based, more deferrable, and more substitutable. Over ten to twenty years, AI-assisted coding, migration tooling, documentation, testing, configuration, and customer-side workflow tools can compress billable work. The warning sign is declining utilization, lower services contribution, or negative professional-services growth without a corresponding rise in higher-quality recurring revenue.

License. License revenue is a small, mature software packaging line. The completed appendix gives TTM License Revenue of EUR 46.0m, roughly 2.8% of TTM revenue, and FY2025 revenue of EUR 43.9m, up only 0.9% from FY2024 after a stronger FY2024 step-up. The line has plausible embedded-workflow durability because it is attached to vertical products, but the moat belongs to the underlying customer workflow rather than to the license revenue type. Durability is acceptable over five years for legacy on-premise products, but the twenty-year direction should be flat to down as customers migrate to hosted, SaaS, and subscription forms. The warning sign is license weakness that does not reappear in recurring maintenance or SaaS lines, implying product displacement rather than revenue-model transition.

Hardware and other. Hardware and other revenue was EUR 39.4m in FY2025, 2.5% of revenue, and EUR 42.0m on a TTM basis. The completed appendix shows a 54.9% FY2022-FY2025 CAGR and 58.9% FY2025 YoY growth, but correctly treats those figures as small-base and acquisition/project-timing effects rather than evidence of a hardware moat. This line has little standalone moat. It may be strategically necessary where devices, field operations, configured hardware, or physical workflows are bundled into a vertical solution, but resale and equipment economics are not durable profit pools. It can support customer stickiness only when bundled with a mission-critical software workflow. The warning sign would be hardware mix rising materially without margin expansion or FCFA2S conversion, suggesting lower-quality acquired revenue.

The blended company moat is weaker than the recurring-revenue sub-line alone. Roughly 71% of FY2025 revenue sits in the defensible recurring bucket, but 24% is services, 2.8% is license, and 2.5% is hardware/other. The completed appendices also show that the 2031 base-case contribution assumptions differ sharply by quality: recurring revenue is modeled at a 10.5% CAGR and 16.0% contribution margin, Professional Services at 7.0% and 9.0%, License at 3.5% and 16.0%, and Hardware and other at 3.0% and 3.0%. Those are not disclosed product margins, but they capture the reviewer-approved quality ranking. The equity cannot be underwritten as pure high-margin SaaS. It is better described as a recurring-heavy VMS acquirer whose strongest moat resides in the installed base, while blended margin and AI exposure are affected by labor-intensive services, legacy license packaging, low-margin hardware attachments, and acquisition mix.

3. Margin Persistence Evidence

The consolidated operating margin proxy has been stable but not spectacular: 15.3% in FY2021, 12.4% in FY2022, 14.7% in FY2023, 15.9% in FY2024, and 15.0% in FY2025. Q1 2026 was 15.5%. That pattern supports a real moat in the sense that Topicus has grown revenue rapidly without obvious margin collapse. It does not support a claim of expanding software monopoly economics. The company remains people-heavy: FY2025 staff costs were EUR 835.1m, and R&D expense was EUR 206.0m. Acquisition amortization, NCI, Asseco accounting, and financing effects make GAAP net income noisy, so the cleanest operating evidence is recurring revenue mix, operating proxy margin, CFO, and FCFA2S.

Segment operating income is not disclosed. Revenue-type margins are not disclosed. The finalized appendices repeatedly flag `[DATA GAP: no product-level operating margin]` and use forward contribution assumptions only as scenario mechanics. That is a real limitation. If maintenance revenue carries high gross margins and professional services are lower margin, the blended 15% operating margin could hide a highly attractive recurring software core. It could also hide acquired businesses with uneven product quality, service intensity, hardware passthrough, or legacy license support burdens. The margin evidence therefore earns partial credit: stability across FY2021-FY2025 is positive, but the absence of product-level margins, utilization, retention, churn, and acquired-cohort data prevents a full PASS on margin-based moat proof.

The growth evidence also cuts both ways. FY2025 total revenue grew 20%, but organic growth was 4%. Q1 2026 total revenue grew 23%, with organic growth of 5%. The revenue-type appendices show strong reported growth in recurring revenue and services, and explosive but small-base growth in hardware/other, but none can isolate same-business growth. This says the acquisition machine is powerful and the base business is not shrinking, but it does not show a high-organic-growth software franchise. For a twenty-year compounder, the open question is whether the company can keep buying durable niches at attractive returns without relying on multiple expansion, higher leverage, or looser underwriting.

4. AI Disruption Stress Test

Maintenance and other recurring revenue. This segment is partly workflow and partly system of record. AI can replicate narrow outputs: form completion, reporting, support answers, document generation, code generation, and simple process automation. But the moat does not live only in the workflow output. It lives in installed customer data, regulated process fit, integrations, procurement trust, support obligations, and customer fear of operational breakage. A foundation model with access to the same data could improve or imitate features, but it would still need product accountability, privacy compliance, migration tooling, audit trails, and local support. The completed maintenance appendix reinforces this point: the line's defensibility is strongest where the software is mission-critical and regulated, and weakest where the product is mainly a thin workflow layer over common data. AI is therefore a margin and product-modernization test, not an automatic moat killer.

Professional services. This is the most exposed revenue type. AI-assisted development, configuration, testing, documentation, migration scripts, support triage, and integration work can reduce the labor hours needed for implementation and custom programming. That could be good if Topicus captures the productivity through higher margins and faster deployments. It could be bad if customers, partners, or AI-native integrators capture the savings and pressure pricing. Professional Services also face the risk that product modernization reduces the need for bespoke implementation. The moat must migrate from billable expertise to reusable product, proprietary product knowledge, and trusted deployment.

License. Legacy license products face platform-shift risk. AI-native software does not need to replicate an entire legacy suite on day one to create pressure; it can start with reporting, compliance assistance, workflow automation, or user-interface layers that sit on top of existing systems. License is too small to define the company, but it is a useful early-warning indicator. If license revenue declines without recurring revenue absorbing the customer relationship, displacement risk is rising.

Hardware and other. AI has little direct impact on the hardware line unless devices become smarter, cheaper, or more standardized. The line is not protected by AI or disrupted primarily by AI. Its economics depend on attachment to vertical solutions.

The segment most exposed to AI disruption is professional services, followed by thin workflow software inside maintenance recurring. The most protected revenue is recurring software in regulated local verticals where the product is deeply integrated into data, process, compliance, and customer operations. AI is more likely to pressure organic growth and service margin than to destroy the company in one shock. The moat holds only if Topicus uses AI internally and in products fast enough that incumbency becomes a modernization advantage rather than technical debt.

5. The 2046 Test

Today's date is 2026-05-30. Twenty years forward is 2046-05-30. A credible 2046 Topicus still sells vertical-market software to European public-sector, healthcare, education, financial, legal, professional-services, industrial, and regulated commercial niches. Customers still pay for systems of record, compliance workflows, transaction systems, hosting, support, managed services, and product updates. The mix is likely more recurring and hosted than today, with license revenue largely migrated into SaaS/subscription forms. Hardware remains small unless tied to specific field workflows. Professional Services still exists, but AI, templates, migration tooling, and product standardization should reduce manual implementation hours per customer. Directionally, operating margins could be stable to modestly higher than today's 15% proxy if AI productivity is captured by Topicus and if acquired portfolios are modernized. The intact moat in this version is local vertical workflow ownership: trusted, regulated, data-rich, deeply integrated systems that customers renew because migration risk exceeds the savings from switching.

The 2046 bull case also requires the CSI-style capital allocation machine to remain intact. Topicus must keep finding European VMS assets where sellers value permanence, decentralization, and domain continuity; must avoid overpaying as more capital chases software roll-ups; and must allocate FCFA2S after NCI in ways that compound per-share value. That is a real skill, but it is not the same as a product moat. It depends on culture, incentives, governance, and acquisition discipline over many management generations.

The bear-case 2046 description is not bankruptcy. It is a lower-quality holding company with many mature, low-organic-growth software assets, more service-heavy revenue than expected, and margins pressured by AI-native entrants that attack narrow workflows faster than acquired units can modernize. In this scenario, public-sector and regulated customers still renew core systems, but upsell weakens, professional-services hours are commoditized, and acquisition returns fall because the best European VMS assets have become too expensive. The control/NCI structure then becomes a valuation overhang because public shareholders own subordinate economics in a complicated vehicle rather than clean control of a high-growth software platform.

That bear case is plausible enough to keep the 2046 test at YELLOW. It is not the base case because the installed base, recurring revenue, low customer concentration, and Constellation heritage are real strengths. But the 2046 description requires two assumptions that cannot be fully verified today: first, that AI does not compress the value of custom vertical workflows faster than incumbents can adapt; second, that the acquisition engine can deploy capital for twenty more years at attractive incremental returns despite modest organic growth.

6. Competitive Threat Inventory

Threat	Mechanism	Segment(s) affected	Earliest observable signal	Plausibility
AI-native vertical entrants	Lower development cost and faster workflow automation attack thin products and reporting layers	Professional services, maintenance recurring, license	Recurring organic growth below inflation, fewer service hours, disclosed AI competition in MD&A	Medium
Acquisition return decay	More buyers chase European VMS assets, raising multiples and reducing post-deal returns	Whole company, especially FCFA2S reinvestment	Acquisition consideration rises faster than acquired revenue/FCFA2S; leverage increases	Medium-high
Public-sector/regulatory procurement shifts	Budget pressure, tender resets, interoperability mandates, or cloud standards lower switching costs	Maintenance recurring, professional services	Larger contract losses, longer sales cycles, weaker Netherlands growth	Medium
Product debt in decentralized units	Local autonomy allows underinvestment or slow AI/cloud modernization in weaker units	Maintenance recurring, license	Rising R&D/support costs without organic growth; customer migration to modern platforms	Medium
Governance/NCI complexity	Control and exchangeable structures make public shareholder economics harder to assess	Equity-level durability	FCFA2S diverges from consolidated CFO; related-party or NCI leakage increases	Medium

7. Pricing Power Verification

Pricing power is plausible but not directly proven. The company does not disclose price increases, adoption rates, gross retention, net retention, churn, cohort behavior, customer counts, ARPU, contract escalators, or product-level gross margins. That prevents a strong pricing-power claim.

The indirect evidence is positive. Maintenance and other recurring revenue grew from EUR 513.1m in FY2021 to EUR 1,097.1m in FY2025, and reached EUR 1,156.6m on a TTM basis. FY2025 customer concentration was low, with no customer above 5% of revenue. Consolidated operating margin stayed near the mid-teens despite inflation, acquisitions, labor intensity, and a growing revenue base. Q1 2026 recurring revenue was EUR 316.1m, and total revenue organic growth was 5%. The Professional Services appendix also supports the qualitative switching-cost argument: implementation, customization, training, and integrations can deepen dependency on the software estate. Those facts suggest Topicus has enough renewal value to defend the base.

The strict answer, however, is that observable pricing power is weak. Organic growth of 4% in FY2025 and 5% in Q1 2026 may include price, volume, mix, and acquired-business maturation; it is not a clean price-realization figure. If inflation is 2%-3%, mid-single-digit organic growth leaves limited proof of strong real pricing. The appendices add no contrary evidence: no line discloses price increases, utilization, contract escalators, gross margin, churn, ARR, NRR, or product-level retention. Contract structure likely includes multi-year support, maintenance, SaaS, hosted, and transaction arrangements, but escalators and minimum commitments are not disclosed in the data package. Pricing power should therefore be monitored through recurring organic growth, deferred revenue, remaining performance obligations if disclosed, margin stability, FCFA2S conversion, and any future retention metrics.

8. Moat Verdict

Moat gate: YELLOW. Topicus has a real moat in recurring vertical-market software: switching costs, regulatory localization, high-trust procurement, diversified niches, and a Constellation-linked acquisition system. The finalized revenue-type appendices strengthen the "real moat today" side by showing a large EUR 1,156.6m TTM recurring base and a services line that reinforces customer embedding. They also strengthen the strict caveat: product margins, retention, ARR/NRR, churn, utilization, and price realization are not disclosed; organic growth is modest; and Professional Services, License, and Hardware/other are lower-quality or less durable than the recurring core. That evidence keeps the moat at YELLOW rather than upgrading to PASS.

2046 test: YELLOW. A specific 2046 Topicus is imaginable: a European VMS owner selling regulated workflow systems, hosted subscriptions, support, transaction software, and managed services to customers that cannot easily switch. The test does not fail because the installed base and recurring revenue are real. It does not pass because twenty-year durability depends heavily on continued CSI-style acquisition discipline, AI modernization across decentralized units, and minority-shareholder economics through a complex NCI/control structure.

Upgrade signals: recurring organic growth sustained above mid-single digits with stable or rising margins; disclosure of strong gross/net retention or low churn; acquisitions funded by FCFA2S with evidence of stable post-deal returns; AI productivity improving service margins without eroding maintenance revenue. Downgrade signals: recurring organic growth below inflation; professional-services compression without recurring conversion; rising acquisition multiples and leverage; repeated product displacement by AI-native or cloud-native vertical competitors.

Sources used include live official Topicus FY2025 MD&A at https://cdn.topicusplatform.nl/__/topicuscom/q4-2025/topicus-mda-q425-final.pdf, FY2025 financial statements at https://newsfile.futunn.com/public/NN-PersistNoticeAttachment/7781/20260226/SEDAR_PLUS/CSA_SEDAR_PLUS_NOTICE_RECORD_ID_2328339.pdf, and Q1 2026 release at https://www.globenewswire.com/news-release/2026/05/05/3288363/0/en/constellation-software-inc-and-topicus-com-inc-announce-results-for-topicus-com-inc-for-the-first-quarter-ended-march-31-2026.html, plus the verified local ER2 `data_package.md` and `appendix_A_primer.md`.

Appendix B1 - Maintenance and Other Recurring Revenue

Maintenance and Other Recurring Revenue - Segment Deep Dive

Company: Topicus.com Inc. Ticker: TOI.V Currency: EUR for financials TTM anchor: twelve months ended 2026-03-31 Forecast horizon: 2031-03-31

0. Segment Boundary And Taxonomy Note

Topicus.com Inc. reports one IFRS 8 reportable segment, so Maintenance and other recurring revenue is not a legally reported segment. This appendix treats it as an economic revenue-type sub-line because it is the finest recurring dollar-disclosed operating history in the data package. The disclosed revenue type includes customer support, SaaS, subscriptions, hosted products, and transaction-related recurring revenue. The reporting structure has been stable across FY2021-FY2025, with no reportable-segment change found in the last three fiscal years. The boundary issue is disclosure granularity, not a recent restatement: all historical dollar figures below come from the data package's official revenue-by-type tables, while operating income for this sub-line is not disclosed. Where this appendix models margin or contribution, it does so as a forward modeling assumption and marks the source limitation as `[DATA GAP: no product-level operating margin]`.

1. What This Segment Actually Is

Maintenance and other recurring revenue is the recurring economic core of Topicus's vertical-market software model. It is the revenue category that captures ongoing customer support, SaaS access, subscription contracts, hosted software products, and transaction-related recurring revenue. In plain terms, this is the part of the business that keeps billing after implementation work is done: customers continue using specialized software inside regulated, workflow-heavy, or mission-specific environments, and Topicus continues to charge for access, support, updates, hosting, or recurring transaction flows.

The customers are not disclosed at a product or vertical level in the data package. Topicus is described as a vertical market software acquirer and operator, primarily in Europe, and acquisition descriptions point to markets such as facility management, legal, healthcare, ICT, digital marketing, library, education, finance, and human capital. The customer buying behavior is therefore likely closer to enterprise and public-sector workflow software than to broad self-serve SaaS. These systems often sit inside core operating processes: case management, administrative workflows, payment or billing flows, education administration, health or municipal processes, and other niche vertical tasks.

The pricing model is only partly visible. The data package does not disclose ARR, net revenue retention, churn, cohort retention, seats, ACV, customer count, or transaction volumes. It does disclose maintenance and other recurring revenue as a revenue type, which means the line contains a mix of maintenance/support contracts and cloud/hosted recurring software. It should not be equated mechanically with ARR. Maintenance revenue can include renewal fees attached to on-premise deployments, while SaaS and hosted products can include recurring access or usage. Transaction-related recurring revenue can also move with customer activity rather than only with seat count. This mix matters for forecasting: the line is recurring, but not all recurring revenue is equally high-growth or equally margin-accretive.

Go-to-market is also different from a single-product SaaS vendor. Topicus grows through both organic expansion and acquisitions. The data package notes FY2025 total revenue growth of about 20 percent, but organic growth of only 4 percent, and Q1 2026 total revenue growth of 23 percent with organic growth of 5 percent. That means the recurring revenue line is likely fed by two engines: same-business renewal and expansion, plus acquired recurring books that Topicus brings into the group. A forecast that treats the line as a pure organic SaaS compounding engine would overstate the disclosed evidence. A forecast that ignores acquired recurring revenue would understate how Topicus has historically grown reported recurring revenue.

2. Current Economics

Maintenance and other recurring revenue was EUR 1,097.1m in FY2025 and EUR 1,156.6m on a TTM basis ending 2026-03-31, per the data package's material KPI family and revenue-type tables. It represented 70.7 percent of FY2025 total revenue, making it the dominant economic sub-line inside Topicus's one reportable segment. Q1 2026 maintenance and other recurring revenue was EUR 316.1m, up from an implied EUR 256.6m in Q1 2025 based on the data package's TTM bridge. The latest-quarter implied YoY growth for this revenue type is therefore about 23.2 percent, in line with consolidated reported revenue growth of 23 percent in Q1 2026.

The historical revenue line is strong. Maintenance and other recurring revenue increased from EUR 513.1m in FY2021 to EUR 1,097.1m in FY2025. The three-year CAGR from FY2022 to FY2025 was approximately 20.0 percent, and the FY2025 YoY growth rate was approximately 21.9 percent. The data package does not split that growth into organic versus acquired growth for the maintenance line specifically. Consolidated organic growth was 4 percent for FY2025 and 5 percent for Q1 2026, so the burden of proof is high for any assumption that the recurring revenue line can sustain high-teens organic growth by itself.

Operating income for Maintenance and other recurring revenue is not disclosed. The data package's Section 3 explicitly says segment operating income is not separately disclosed and uses a consolidated operating proxy for the one reportable segment. It also states that product-level margins are a true non-disclosure. The only usable margin anchor is the consolidated operating proxy: FY2025 consolidated operating margin was 15.0 percent, and recent quarterly proxy margins ranged from 13.2 percent in Q2 2025 to 17.5 percent in Q4 2025 and 15.5 percent in Q1 2026. This appendix does not invent historical product operating income. It uses forward modeled contribution margins for this sub-line and labels them as modeled assumptions.

Capital intensity appears low at the consolidated software level. FY2025 capex was EUR 11m, or 0.7 percent of revenue, while R&D expensed was EUR 206m, or 13.3 percent of revenue. The data package notes "no material development expenditures," meaning Topicus expenses R&D rather than materially capitalizing software development. That makes the operating proxy a more useful measure of recurring software economics than it would be if development costs were being shifted to the balance sheet. Still, the recurring line cannot be isolated from implementation, support, corporate overhead, acquisition integration, and acquired intangibles.

3. Unit Economics

The recurring revenue unit economics should be better than professional services and hardware, but the exact spread is undisclosed. A maintenance or SaaS contract normally has high renewal value once the product is embedded in customer workflow. Support, hosting, customer success, maintenance engineering, regulatory updates, and product R&D are the main cost drivers. In vertical market software, the attractive part of the model is that these costs can be shared across a narrow customer base with specialized needs, while switching costs and low customer concentration protect retention.

Topicus's disclosure supports a high-quality recurring base but not a precise product margin claim. The data package gives four important clues. First, Maintenance and other recurring revenue is 70.7 percent of FY2025 revenue. Second, consolidated customer concentration is low, with no customer representing more than 5 percent of revenue. Third, R&D is expensed and material at 13.3 percent of revenue. Fourth, consolidated organic growth was modest, not explosive. This combination points to a durable, cash-generative recurring book, but one that still requires ongoing development and support investment.

The recurring line's profit bridge likely has three layers. The first is gross profit from renewals, subscriptions, hosted products, and transaction streams after support and hosting delivery costs. The second is product and R&D investment needed to keep niche software compliant, modern, and competitive. The third is group and local-company overhead, including decentralized management, acquisition integration, sales, administration, and public-company costs. Because Topicus operates through many acquired and internally grown vertical businesses, not a single integrated product platform, scale leverage may be real but uneven. A newly acquired software company may have good recurring revenue but lower initial margin due to integration, local overhead, or product modernization needs.

What breaks margin up? Mix shift toward SaaS and hosted subscription revenue, higher renewal pricing, reduced support burden through product standardization, better hosting efficiency, and operating discipline inside acquired companies. What breaks margin down? Wage inflation for specialized developers and implementation staff, cloud hosting cost inflation, acquired businesses entering at lower margins, price pressure from public-sector customers, higher cybersecurity/compliance spend, and the need to modernize legacy on-premise products. Because product-level operating margin is not disclosed, this appendix models only a modest range of forward recurring contribution margins: 15.0 percent in bear, 16.0 percent in base, and 17.0 percent in bull by 2031-03-31. Those assumptions are deliberately close to the consolidated operating proxy rather than an aggressive SaaS gross-margin construct.

4. Competitive Dynamics

The competitive set is fragmented because Topicus is a vertical-market software owner rather than a single application vendor. In each niche, Topicus competes with a mixture of local specialist vendors, internal IT teams, larger European software groups, and global horizontal platforms that try to move into vertical workflows. The direct competitor in a municipal

or education system is often not Salesforce or Microsoft as a whole; it is a specialized workflow vendor already trusted by the local market. In a health, legal, or finance workflow, competitors can include domain-specific software companies, ERP extensions, service firms with software modules, and modern SaaS challengers.

Topicus's parentage and operating model matter competitively. It is connected to the Constellation Software ecosystem, whose core playbook is acquiring niche vertical software businesses and operating them for long-term cash generation. That model gives Topicus a structural advantage in deal sourcing, decentralized operating knowledge, capital allocation discipline, and tolerance for small niche markets that would be immaterial to larger platform vendors. The advantage is not that Topicus can outspend a horizontal software giant. It is that many of its markets are too narrow, local, regulated, and relationship-based to attract sustained focus from hyperscale software platforms.

Pricing power is likely strongest where the software is mission-critical, the contract size is small relative to the customer's total operating budget, switching requires process disruption, and the product has local regulatory or workflow specificity. Public-sector and regulated customers can be price-sensitive, but they also value continuity, compliance, and vendor stability. This creates a classic vertical software tradeoff: price increases are rarely unlimited, but churn can be low if the vendor keeps the product reliable and compliant.

Market share context is not quantifiable from the data package. There is no disclosed vertical-specific revenue, customer count, geography by revenue type, ARR, or product list that would allow a defensible market share calculation. The market itself is not a single addressable category. Maintenance and other recurring revenue spans many acquired vertical software books across Europe and adjacent geographies. The right market-share framing is therefore local and portfolio-based: Topicus may have strong positions in specific niches while remaining small relative to total European software spend. This supports a long acquisition runway but also limits clean same-store growth estimates.

Substitution risk is moderate rather than zero. Horizontal cloud platforms, AI-enabled workflow tools, low-code systems, and better integration layers can reduce the need for some legacy vertical applications over time. However, substitution is slower where data models, compliance, user training, public procurement, and local integrations create friction. AI is a two-sided force: it can help Topicus improve support and product functionality, but it can also lower development barriers for challengers. The base case assumes Topicus uses its installed base and acquisition discipline to preserve relevance without a material step-change in organic growth.

5. Moat At The Segment Level

The moat in Maintenance and other recurring revenue is primarily switching costs plus niche market structure. Customers using specialized vertical software often face high operational disruption if they switch. They need data migration, retraining, workflow redesign, integrations, compliance validation, and sometimes public procurement cycles. These frictions are especially meaningful when the software cost is a small share of the customer's budget but the workflow cost of failure is large.

The second moat source is portfolio breadth across many small vertical markets. Topicus is not relying on one product or one large customer. The data package states that no customer represented more than 5 percent of revenue in FY2025. That lowers customer concentration risk and creates a more resilient recurring book. The recurring revenue line's 70.7 percent share of FY2025 revenue also suggests the company owns many customer relationships that persist beyond initial services work.

The third moat source is acquisition capability. Maintenance revenue grows not only through renewals and price, but also through acquired recurring streams. The data package shows FY2025 acquisition cash outflow of EUR 670.0m and management's intention to invest FCFA2S into acquisitions. This is not a product moat in the narrow sense, but it is a repeatable capital-allocation advantage if Topicus can keep finding niche software businesses at attractive returns. The risk is that high acquisition activity can mask weak organic growth or dilute margins if acquired assets need reinvestment.

The moat is durable but not invulnerable. The strongest 5-10 year argument is that vertical workflows change slowly, and the local knowledge embedded in software is difficult for broad platforms to replicate. The weakest argument is disclosure opacity: without ARR, NRR, churn, customer cohorts, or product margins, investors cannot directly observe the recurring book's renewal quality. This appendix therefore gives the sub-line a real but measured moat assessment: strong retention characteristics are likely, pricing power is moderate, acquisition runway is meaningful, but same-business growth should be modeled in the mid-single digits unless Topicus discloses evidence to the contrary.

6. Historical Growth Rates

The table below reproduces the finest available dollar-disclosed history from the data package. Maintenance and other recurring revenue is a revenue type inside the one reportable segment, not a legal segment. No product-dollar back-solves are used.

Product / sub-segment	FY-3 rev	FY-2 rev	FY-1 rev	3-yr CAGR	Most recent YoY	Data package cite
Maintenance and other recurring	EUR 773.8m	EUR 899.7m	EUR 1,097.1m	20.0%	21.9% FY2025; 23.2% Q1 2026 implied	Section 4 Product table row 4; Section 4 Annual revenue by type row 4; Section 5 Latest-quarter revenue by type row 4

Arithmetic tie-out: FY2023 EUR 773.8m x 1.163 = FY2024 EUR 899.7m, within rounding. FY2024 EUR 899.7m x 1.219 = FY2025 EUR 1,097.1m, within rounding. FY2022 EUR 634.7m to FY2025 EUR 1,097.1m implies a three-year CAGR of 20.0 percent. Q1 2026 EUR 316.1m compared with implied Q1 2025 EUR 256.6m implies latest-quarter YoY growth of 23.2 percent. The implied Q1 2025 figure is derived from the data package's TTM maintenance revenue bridge: FY2025 EUR 1,097.1m plus Q1 2026 EUR 316.1m less TTM EUR 1,156.6m.

Historical interpretation: the recurring line has compounded faster than total company revenue over FY2022-FY2025 and remained the majority of revenue. However, the data package does not disclose how much of the line's growth came from organic expansion versus acquisitions. Consolidated organic growth was only 4 percent in FY2025 and 5 percent in Q1 2026, so the maintenance line's 20 percent-plus reported growth should be treated as a mix of organic durability, pricing, SaaS/hosted mix, transaction activity, and acquired recurring revenue. The key modeling discipline is to avoid assuming the entire 20.0 percent historical CAGR is repeatable organically.

7. Management Guidance

The data package found no FMP call transcripts for TOI.V and no company-hosted earnings-call transcript in the run. The following guidance anchors are therefore issuer MD&A or release excerpts reproduced from the data package's Section 6. They are not maintenance-specific quotes, but they are the relevant management-provided anchors for the recurring revenue line.

Data package Section 6 row 1: "vertical market software." Interpretation: Topicus presents the whole company as a VMS acquirer/operator. For Maintenance and other recurring revenue, this supports a model based on many specialized workflow businesses rather than one horizontal SaaS product.

Data package Section 6 row 2: "growth potential." Interpretation: management links long-term value creation to acquiring and building VMS businesses. Recurring revenue growth should therefore be modeled as reported growth that includes M&A, not just organic same-business expansion.

Data package Section 6 row 3: "organic growth of 4%." Interpretation: FY2025 reported revenue growth was far above organic growth, meaning acquisition contribution was the larger growth driver. This is the main brake on assuming a high-teens organic recurring CAGR.

Data package Section 6 row 4: "organic growth of 5%." Interpretation: Q1 2026 organic growth improved slightly versus FY2025 but remained mid-single-digit. The base case uses this as the same-business center of gravity and adds a measured acquisition contribution.

Data package Section 6 row 5: "invest all of our FCFA2S." Interpretation: management's capital allocation posture supports continued acquisition-driven growth. The recurring revenue line can keep compounding above organic growth if reinvested FCFA2S finds recurring software targets.

Data package Section 6 row 6: "no material development expenditures." Interpretation: software development is expensed rather than capitalized materially, reducing the risk that operating economics are flattered by capitalization. It also means R&D is a real recurring cost burden.

Data package Section 6 row 7: "No customer represents revenue in excess of 5%." Interpretation: customer concentration is low, which supports durability of the recurring base and reduces single-customer renewal risk.

Data package Section 6 row 8: "may complete several acquisitions." Interpretation: acquisitions remain a normal part of the model. The bull case assumes a stronger deal cadence and integration outcome; the bear case assumes either fewer attractive targets or lower acquired-quality contribution.

[DATA GAP: no maintenance-specific management guide, ARR guide, NRR guide, churn guide, or product-level margin guide was disclosed in the data package.]

8. Forward Growth Assumptions

The TTM revenue anchor for Maintenance and other recurring revenue is EUR 1,156.6m for the twelve months ended 2026-03-31. The horizon is exactly five calendar years later, 2031-03-31. The model uses a single disclosed sub-line because Topicus does not disclose recurring revenue by product, vertical, or geography.

Base case:

Product	3-yr historical CAGR	Latest YoY	Mgmt FY+1 guide	Base CAGR TTM to TTM+5y	Justification
Maintenance and other recurring	20.0%	23.2% implied Q1 2026	No sub-line guide; consolidated organic growth 4% FY2025 and 5% Q1 2026	10.5%	Reported history includes acquisitions, while disclosed organic growth is mid-single-digit. Base assumes recurring retention, pricing, and acquisitions keep reported growth above organic but below the recent acquisition-heavy pace.

Bull case:

Product	3-yr historical CAGR	Latest YoY	Mgmt FY+1 guide	Bull CAGR TTM to TTM+5y	Justification
Maintenance and other recurring	20.0%	23.2% implied Q1 2026	No sub-line guide; management intends to invest FCFA2S and may complete several acquisitions	13.0%	Bull assumes Topicus sustains a strong acquisition cadence, acquired recurring books integrate cleanly, and SaaS/hosted mix plus pricing lift same-business growth modestly above the recent organic company average.

Bear case:

Product	3-yr historical CAGR	Latest YoY	Mgmt FY+1 guide	Bear CAGR TTM to TTM+5y	Justification
Maintenance and other recurring	20.0%	23.2% implied Q1 2026	No sub-line guide; consolidated organic growth was 4% FY2025 and 5% Q1 2026	6.5%	Bear assumes organic growth remains mid-single-digit, acquisition opportunities are less attractive, and some acquired recurring streams require reinvestment or experience pricing pressure.

Year-by-year deceleration logic: the base case does not assume the line collapses from 23.2 percent to low single digits. It assumes reported recurring growth fades as FY2025 acquisition effects annualize and as the denominator passes EUR 1.1b. A plausible path is roughly 14 percent, 12 percent, 10 percent, 9 percent, and 8 percent over the five one-year periods, which compounds to about 10.5 percent. The bull path keeps a stronger acquisition and mix tailwind, while the bear path reduces acquisition contribution and allows only modest same-business growth. The main driver of deceleration is not product saturation alone; it is the difference between reported acquisition-enhanced growth and disclosed mid-single-digit organic growth.

The structural support for all three cases is the recurring nature of maintenance, SaaS, hosted, subscription, and transaction-related revenue. The structural constraint is that Topicus has not disclosed ARR, NRR, churn, or cohort expansion. Without those KPIs, it would be inappropriate to model this as a high-growth SaaS segment simply because the revenue is recurring. The base case therefore treats Maintenance and other recurring revenue as a durable VMS recurring book with M&A help, not as a standalone cloud hypergrowth asset.

9. Forward Operating Margin Assumptions

There is no disclosed historical operating margin for Maintenance and other recurring revenue. The data package explicitly says product-level margins and segment operating income are true non-disclosures. The table below uses modeled forward contribution margin for the recurring revenue sub-line, anchored conservatively to the consolidated operating proxy rather than to generic SaaS peer margins. This is an economic modeling assumption, not a reported historical product OI series.

Product	Current margin anchor	Bear TTM+5y margin	Base TTM+5y margin	Bull TTM+5y margin	Margin rationale
Maintenance and other recurring	[DATA GAP: no product-level operating margin]; FY2025 consolidated operating proxy 15.0%; Q1 2026 proxy 15.5%	15.0%	16.0%	17.0%	Recurring mix should help, but R&D, support, hosting, public-sector pricing, and acquisition integration keep the modeled margin close to consolidated company economics.

The bear margin assumes that the recurring line remains attractive but does not overcome wage inflation, hosting costs, and acquired-business integration burden. It also allows for some price pressure in public-sector or regulated markets. At 15.0 percent, the modeled margin is not punitive relative to the consolidated proxy; it simply refuses to assign a premium margin without disclosure.

The base margin assumes modest operating leverage from a larger recurring base and more SaaS/hosted scale, partly offset by ongoing R&D expense and support needs. Moving from the consolidated FY2025 proxy of 15.0 percent to 16.0 percent by 2031-03-31 is a 100 bps improvement, small enough to be justified by mix and scale without requiring a heroic productivity story.

The bull margin assumes better acquired-business quality, disciplined cost control, and more efficient hosting/support operations. The 17.0 percent margin is still conservative relative to what many pure software recurring books might theoretically earn, because Topicus's line contains maintenance, hosted, subscription, transaction-related, and support-heavy revenue across a decentralized acquisition portfolio. The model does not assume high SaaS gross margins flow directly to operating income.

[DATA GAP: no product-level operating margin] is central to the forecast. This appendix does not invent FY2021-FY2025 maintenance operating income, gross margin, or product contribution. The margin output is a forward scenario assumption only.

10. Segment Rollup

The rollup is simple because Maintenance and other recurring revenue is the only sub-line assigned to this appendix. Revenue is compounded from the TTM ending 2026-03-31 anchor of EUR 1,156.6m to 2031-03-31. Operating income is modeled revenue multiplied by the case-specific modeled contribution margin. These totals reconcile directly to the product-level assumptions in Sections 8 and 9.

Case	Product	TTM revenue	CAGR TTM to TTM+5y	TTM+5y revenue	TTM+5y margin	TTM+5y op income
Bear	Maintenance and other recurring	EUR 1,156.6m	6.5%	EUR 1,584.7m	15.0%	EUR 237.7m
Base	Maintenance and other recurring	EUR 1,156.6m	10.5%	EUR 1,905.4m	16.0%	EUR 304.9m
Bull	Maintenance and other recurring	EUR 1,156.6m	13.0%	EUR 2,131.0m	17.0%	EUR 362.3m

Arithmetic check: Bear revenue equals EUR 1,156.6m x 1.065 to the fifth power, or EUR 1,584.7m, and operating income equals EUR 1,584.7m x 15.0 percent, or EUR 237.7m. Base revenue equals EUR 1,156.6m x 1.105 to the fifth power, or EUR 1,905.4m, and operating income equals EUR 1,905.4m x 16.0 percent, or EUR 304.9m. Bull revenue equals EUR 1,156.6m x 1.13 to the fifth power, or EUR 2,131.0m, and operating income equals EUR 2,131.0m x 17.0 percent, or EUR 362.3m.

The rollup also highlights how much the five-year view depends on acquisition contribution. A 10.5 percent reported recurring CAGR is well above consolidated organic growth of 4-5 percent, so the base case implicitly requires continuing M&A and acquired recurring revenue. It does not require the recent 20 percent-plus reported pace to persist. The bull case requires stronger acquisition deployment and at least stable quality of acquired recurring streams. The bear case allows the model to remain healthy but less exceptional if deal flow slows or integration costs absorb scale benefits.

The base case should therefore be read as a blended capital-allocation forecast, not a pure product-adoption forecast. If same-business recurring revenue grows around the recent consolidated organic rate, the remaining growth must come from acquired recurring books, pricing, transaction activity, or mix. That is consistent with Topicus's disclosed model, but it creates an underwriting dependency that is different from underwriting a single SaaS company. The most important future evidence will be whether acquired revenue converts into durable recurring revenue without requiring margin-dilutive reinvestment. Because the data package does not provide acquired-cohort retention, acquired revenue by type, or post-acquisition margin trajectories, this appendix keeps the terminal margin range narrow and assigns only a 50 percent probability to the base case.

The horizon also embeds a denominator effect. Maintenance and other recurring revenue has already passed EUR 1.1b on a TTM basis. Maintaining a 20 percent reported CAGR for another five years would imply almost EUR 2.9b of 2031 recurring revenue from this line alone, before considering license, services, or hardware revenue. That outcome is possible only with very large and sustained acquisition deployment, not merely with price increases or renewal uplift. The bull case stops well short of that path. It still reaches EUR 2.1b, but it assumes the FY2025 acquisition-heavy pace moderates rather than repeats indefinitely.

11. Key Risks And Wildcards

Bear risk - acquisition slowdown: The recurring revenue CAGR falls if Topicus cannot source enough attractive VMS acquisitions or if sellers demand returns below Topicus's hurdle rates. Because FY2025 total growth was mostly acquisition-driven, this is the most important reported-growth risk.

Bear risk - acquired recurring quality: Acquired maintenance revenue may come with legacy technology, underinvested products, customer concentration at the acquired-company level, or lower renewal quality. The data package does not disclose acquired cohort retention or product-level churn, so this risk cannot be quantified.

Bear risk - public-sector and regulated-customer pricing: Many vertical workflows can be sticky but price-sensitive. Inflationary wage and hosting costs may not be fully passed through, compressing margin despite recurring revenue.

Bear risk - technology substitution: AI-enabled workflow automation, low-code tools, modern horizontal platforms, and internal IT modernization could erode some legacy vertical products. This is likely gradual, but it can cap pricing power if customers gain credible alternatives.

Base risk - disclosure opacity: ARR, NRR, churn, customer count, and product margins are not disclosed. The recurring line looks durable, but investors cannot observe the renewal engine directly. This makes the base case less provable than a similar forecast for a company with full SaaS KPI disclosure.

Base wildcard - SaaS and hosted mix: If the revenue mix inside Maintenance and other recurring shifts toward higher-quality SaaS and hosted subscription products, organic growth and margins could both be somewhat better than modeled. The data package does not provide enough granularity to build this in aggressively.

Bull wildcard - capital allocation flywheel: If Topicus continues deploying FCFA2S into attractive VMS assets and preserves acquired recurring revenue quality, Maintenance and other recurring revenue could compound at low-teens rates for longer than a pure organic model would suggest.

Bull wildcard - operating leverage from decentralized discipline: Topicus may be able to improve acquired-company margins through procurement, product modernization, pricing discipline, and best-practice sharing without centralizing away the local vertical expertise. This is the main path to the bull margin.

Summary Table

Case	Segment TTM+5y Revenue	Segment TTM+5y Op Margin	Segment TTM+5y Op Income	Probability
Bear	EUR 1,584.7m	15.0%	EUR 237.7m	25%
Base	EUR 1,905.4m	16.0%	EUR 304.9m	50%
Bull	EUR 2,131.0m	17.0%	EUR 362.3m	25%

Bottom line: Maintenance and other recurring revenue is the economic heart of Topicus, but it is still a disclosed revenue type inside one IFRS reportable segment rather than a standalone segment. The historical line is excellent, with EUR 1,097.1m of FY2025 revenue, EUR 1,156.6m TTM revenue, and a 20.0 percent FY2022-FY2025 CAGR. The conservative modeling choice is to respect both sides of the evidence: high recurring mix and acquisition runway on one side, but mid-single-digit consolidated organic growth and no product-level margin disclosure on the other. The base case therefore uses a 10.5 percent five-year reported CAGR and 16.0 percent modeled contribution margin, producing EUR 1,905.4m of 2031-03-31 revenue and EUR 304.9m of modeled operating income.

Appendix B2 - Professional Services

Professional Services - Segment Deep Dive

Company: Topicus.com Inc. Ticker: TOI.V Currency for financials: EUR TTM anchor: 2026-03-31 Horizon: 2031-03-31 Economic line analyzed: Professional Services revenue type

0. Segment Boundary And Taxonomy Note

Topicus.com Inc. reports one IFRS 8 reportable segment. The Professional Services line analyzed here is not a legally reported operating segment, not an IFRS reportable segment, and not a product-level profit center disclosed by management. It is the disclosed revenue type for installation, implementation, training, customization, and consulting within the single Topicus reportable segment. The data package Section 1 states that Topicus continues to disclose one reportable segment and revenue by type, with no reportable-segment change found in the last three fiscal years. The modeling boundary is therefore stable for revenue-type analysis from FY2021 through FY2025, but it cannot be used as a source for historical segment operating income. Product-line operating margins are not disclosed; this appendix uses consolidated operating proxy margins only as context and applies explicit forward contribution-margin scenarios with `[DATA GAP: no product-level operating margin]`.

1. What This Economic Line Actually Is

Professional Services is the labor-intensive services revenue that surrounds Topicus's vertical-market software estate. The data package Section 4 defines the line as installation, implementation, training, customization, and consulting. In practical terms, this is the work required to make acquired and internally developed vertical applications fit customers' processes, migrate data, configure workflows, train users, add customer-specific integrations, and occasionally build bespoke extensions. It is not the maintenance book, not pure SaaS subscription revenue, and not license sales. It is also not a standalone consulting firm in the way an IT services outsourcer would be; it is attached to mission-critical vertical software products across Topicus's operating businesses.

The customer is usually a public-sector, healthcare, education, financial, legal, facility-management, or other niche vertical organization buying or renewing vertical-market software. Because Topicus is an acquirer/operator rather than a single-product vendor, the exact customer profile varies across acquired businesses. The common thread is workflow specificity. Customers are not usually buying generic horizontal productivity software. They are buying systems that reflect local regulations, domain workflows, reporting formats, integrations, and institutional habits. Professional services monetizes the deployment and adaptation burden that comes with that specificity.

The pricing model is likely a mix of time-and-materials, fixed-fee implementation, training fees, integration projects, and consulting packages tied to new deployments, migrations, upgrades, and customer-specific customization. The company does not disclose utilization, bill rates, backlog, professional-services headcount, delivery gross margin, or attach rate. Those omissions matter because services economics can swing widely depending on whether services are priced to recover cost, priced as high-margin domain consulting, or deliberately underpriced to accelerate software adoption. For this appendix, no historical Professional Services operating income is estimated. The line is modeled as a revenue and contribution pool only.

Go-to-market is embedded inside Topicus's vertical-market software businesses. Professional Services is normally sold alongside new software projects, expansion modules, cloud migrations, implementation of acquired products, customer upgrades, or required integrations with public systems and third-party software. That makes the line strategically useful even if it is lower margin than recurring software. It can deepen switching costs, reduce churn by ensuring successful adoption, expose local workflow needs, and create a path to recurring maintenance or subscription revenue. But the same feature also makes Professional Services less scalable than the maintenance book: revenue growth needs skilled labor, project management capacity, and customer willingness to fund implementation.

2. Current Economics

Professional Services revenue was EUR 371.9m in FY2025, equal to 24.0 percent of Topicus's EUR 1,552.3m total revenue, per data package Section 4. The TTM ending 2026-03-31 is EUR 387.8m, computed from data-package quarterly values: FY2025 Professional Services EUR 371.9m less derived Q1 2025 EUR 82.3m plus Q1 2026 EUR 98.2m. The Q1 2025 value is not separately stated as a row in the data package; it is derived mechanically from the Section 5 quarterly row and FY2025 annual value, so it is flagged in the table below rather than treated as independently disclosed.

The most recent quarterly growth signal is strong in reported terms. Q1 2026 Professional Services revenue of EUR 98.2m was up about 19.3 percent versus the derived Q1 2025 base of EUR 82.3m. That is broadly consistent with Topicus's overall reported revenue growth of 23 percent and organic revenue growth of 5 percent in Q1 2026, cited in data package Sections 5 and 6. The important distinction is that Topicus's consolidated growth is acquisition-heavy: FY2025 total revenue rose 20 percent while organic growth was 4 percent. Professional Services can grow quickly when Topicus buys additional software businesses with service-heavy implementation revenue, but the same disclosed organic-growth context argues against assuming the existing services base can compound organically at a high-teens rate for five years.

The line's current mix role is secondary to maintenance and other recurring revenue. Maintenance and other recurring revenue was EUR 1,097.1m in FY2025, or 70.7 percent of revenue. Professional Services at 24.0 percent is the second-largest disclosed revenue type and the main non-recurring or project-driven monetization line. License revenue was only EUR 43.9m and hardware and other was EUR 39.4m. This gives Professional Services real influence over consolidated growth and customer adoption, but not the same valuation quality as recurring revenue.

Operating income by revenue type is not disclosed. Topicus's consolidated operating income proxy was EUR 233.2m in FY2025, a 15.0 percent margin, and TTM consolidated operating margin proxy through Q1 2026 was roughly 15.1 percent based on the data package's quarterly margin rows. That consolidated margin includes recurring software, license, hardware, services, R&D, corporate overhead, acquired-company cost structures, and acquisition-related integration effects. It cannot be allocated to Professional Services without inventing a product-level cost structure. `[DATA GAP: no product-level operating margin]`

Capital intensity is low in a physical-asset sense. Data package Section 7 shows capex at about 0.7 percent of revenue in FY2025 and R&D expensed at 13.3 percent of revenue. Professional Services likely requires more human capital and working-capital discipline than fixed assets. The line's constraint is not factories or equipment; it is consultant capacity, domain expertise, project delivery quality, and customer budget cycles.

3. Unit Economics

Professional Services converts revenue into profit through labor leverage, delivery mix, pricing discipline, and attach economics. The basic economic unit is a customer implementation or customization project. Revenue is earned when Topicus deploys consultants, trainers, engineers, implementation specialists, and project managers to configure software or support customer change. The largest direct cost is delivery labor. Secondary costs include subcontractors, travel, training material, support handoffs, and project-management overhead. A good services project covers its direct labor, contributes to local overhead, and increases future recurring revenue by making the software more embedded.

The unit economics are structurally weaker than recurring software because the revenue does not scale without additional people. Maintenance revenue can renew annually with modest incremental cost if the software is stable and support is efficient. Professional Services needs new work, scoped projects, and skilled staff. Utilization matters: a consultant who is 80 percent billable can produce attractive contribution; a consultant bench held for uncertain projects can dilute margins quickly. The company does not disclose utilization or bill rates, so the model does not compute a delivery gross margin. `[DATA GAP: no utilization, bill-rate, or services gross-margin disclosure]`

The line can still be economically valuable even at modest direct margins. For vertical-market software, implementation is often part of the moat. The customer's workflows, data model, regulatory reporting, and integrations become embedded during deployment. A successful implementation increases switching costs because replacing the software requires repeating the deployment effort, retraining users, and risking operational disruption. In this sense, Professional Services may be a lower-margin revenue line that protects higher-quality recurring revenue.

The main margin-up mechanism is better scoping and reuse. If Topicus's operating businesses can standardize deployment playbooks, templates, data-migration tools, training methods, and partner ecosystems, then services revenue can grow with less incremental delivery cost. AI-assisted code generation, documentation, migration tooling, and support triage could also reduce delivery hours for similar projects. However, vertical-market work often resists full automation because local rules and legacy integrations are idiosyncratic. The model therefore allows modest forward margin improvement only in the bull case, not a SaaS-style margin ramp.

The main margin-down mechanism is underpriced customization. Vertical software vendors can be tempted to accept low-margin services work to win or retain customers, especially in public-sector or regulated verticals where implementation complexity is high and procurement pressure is intense. Acquired companies may also have inconsistent project discipline. If Topicus buys service-heavy businesses, revenue can grow while contribution quality falls. That is particularly relevant

because data package Section 6 shows FY2025 total revenue growth of 20 percent against organic growth of only 4 percent. M&A can add services revenue that is not yet harmonized to Topicus's preferred economics.

Another margin risk is cloud migration. Moving legacy on-premise or hosted products toward more modern deployment patterns can create project work, but it can also require customer-specific migration, parallel support, and temporary delivery inefficiency. If customers are willing to pay for migrations, Professional Services benefits. If migration is necessary to defend recurring revenue, services may be partly defensive and lower margin.

For modeling, the TTM revenue base is EUR 387.8m. The forward contribution-margin scenarios are 6.0 percent bear, 9.0 percent base, and 12.0 percent bull by 2031-03-31. These are not historical product operating margins. They are conservative contribution-margin proxies applied to the Professional Services revenue line for bottom-up ER2 modeling because product-level operating income is not disclosed. `[DATA GAP: no product-level operating margin]`

4. Competitive Dynamics

The competitive set is fragmented and local. Professional Services competes less like a global software category and more like a delivery ecosystem around niche vertical applications. Direct competitors include the implementation teams of other vertical-market software vendors, local IT consultancies, value-added resellers, specialist systems integrators, and in-house customer IT teams. In Europe, broad software groups such as Visma, Unit4, and sector-specific vendors can compete in individual verticals, while local consultancies compete for integration and customization work. The exact competitor changes by vertical and geography.

Topicus's advantage is adjacency to the software. A third-party integrator may offer cheaper labor or broader technology skills, but the software vendor has product knowledge, roadmap visibility, and accountability for long-term system performance. When the implementation work touches proprietary workflows, regulatory logic, or upgrade paths, customers often prefer the vendor or a certified partner. This gives Topicus pricing power in specialized projects, although not unlimited pricing power. Public-sector and mid-market customers can push back on day rates, and implementation budgets are often scrutinized separately from software maintenance.

The broader Constellation Software model is relevant. Constellation describes itself as an acquirer and operator of vertical-market software businesses with a long-term ownership approach and decentralized operating groups. That context matters because Topicus is part of the Constellation ecosystem. The model tends to preserve local business autonomy and domain specialization rather than forcing a single centralized consulting organization. For Professional Services, decentralization can help retain domain experts and customer relationships. It can also make standardized margin improvement slower because delivery practices vary by business unit.

The best substitute is not necessarily another vendor; it is avoidance. Customers may delay upgrades, defer customization, accept manual workarounds, or use internal teams. That makes Professional Services more cyclical and budget-sensitive than maintenance revenue. During tighter public budgets or enterprise spending pauses, customers can keep paying maintenance while postponing discretionary implementation projects. Conversely, regulation, cloud migration, security requirements, and digital-government initiatives can pull services demand forward.

Entry barriers are moderate at the services level and higher at the software-attached level. A consulting firm can hire engineers and project managers, but it cannot easily replicate proprietary product knowledge, installed-base access, or the trust built with customers running mission-critical workflows. The moat is therefore indirect: Professional Services is protected when it is necessary to implement sticky software, not because consulting labor itself is scarce. If a project is generic integration work, competition is high. If it is deep configuration of a Topicus-owned vertical application, Topicus has a better position.

AI is both a risk and a tool. AI can reduce the cost of documentation, testing, migration scripts, support triage, and code customization. That could lift contribution margins if Topicus captures the productivity. But AI can also enable customers or third-party integrators to do more configuration work themselves. Over five years, the more likely base case is partial productivity improvement rather than wholesale displacement, because mission-critical vertical workflows require domain judgment, validation, accountability, and change management.

5. Moat At The Economic-Line Level

Professional Services has a narrower moat than Topicus's recurring software base. Labor-based services are not inherently defensible. Consultants can leave, customers can bid projects, and implementation work can be competed by local specialists. The defensibility comes from the connection to Topicus-owned software, not from services as a standalone

category.

The first moat element is installed-base access. Topicus already controls the product relationship in many customer accounts. When those customers need upgrades, integrations, migrations, training, or customization, Topicus is naturally in the flow. That reduces customer-acquisition cost for services and improves visibility into demand. The services line can monetize recurring customer touchpoints without needing to win a cold consulting mandate.

The second moat element is domain-specific product knowledge. Vertical-market software often encodes local rules, compliance workflows, forms, reporting obligations, and industry-specific process design. The implementation team that understands both the software and the customer's domain can deliver with lower risk. This protects vendor-led services work from generic systems integrators in specialized projects.

The third moat element is switching-cost reinforcement. Professional Services helps embed the software deeper into customer workflows. Training users, configuring integrations, and customizing processes make the customer more dependent on the software estate. Even if services margin is modest, the line can enhance the durability of maintenance revenue. This makes the economic value of Professional Services larger than its standalone profit contribution.

The fourth moat element is acquisition repeatability. Topicus can acquire companies that already have professional-services teams and customer relationships. The revenue line can grow through M&A without building every delivery capability organically. Data package Section 6 indicates management intends to invest FCFA2S into acquisitions and may complete several acquisitions in a normal year. That supports reported growth, although it does not by itself prove high return on incremental services revenue.

The durability of these advantages is medium, not high. Over 5-10 years, Topicus should retain an advantage in vendor-attached services where the software remains mission-critical. But standalone consulting economics should remain competitive, and labor scarcity or wage inflation can pressure margins. The moat is strongest when services protect and expand recurring revenue; weakest when services are one-off customization sold on price.

6. Historical Growth Rates

The data package is the historical source of truth. Topicus discloses one IFRS reportable segment, and the Professional Services figures below are revenue-type figures within that segment. The table reproduces disclosed revenue-type history from data package Section 4 and uses Section 5 for the latest quarter. Every company historical dollar figure is from the data package unless explicitly marked as a derived calculation from those rows.

Product / sub-segment	FY2023 rev	FY2024 rev	FY2025 rev	3-yr CAGR, FY2022-FY2025	Most recent YoY	Data package cite
Professional Services revenue type	EUR 297.7m	EUR 326.9m	EUR 371.9m	15.8% FY2022-FY2025	19.3% Q1 2026 vs derived Q1 2025	data_package Section 4 product table row Professional services; Section 4 annual revenue by type row Professional services; Section 5 latest-quarter revenue by type row Professional services
One reportable segment total revenue	EUR 1,125.0m	EUR 1,294.9m	EUR 1,552.3m	19.2% FY2022-FY2025	23.0% Q1 2026	data_package Section 3 segment historicals row Revenue; Section 5 quarterly trend by reportable segment
Maintenance and other recurring revenue context	EUR 773.8m	EUR 899.7m	EUR 1,097.1m	20.0% FY2022-FY2025	Not separately computed here	data_package Section 4 annual revenue by type row Maintenance and other recurring
License revenue context	EUR 35.5m	EUR 43.5m	EUR 43.9m	11.5% FY2022-FY2025	Not separately computed here	data_package Section 4 annual revenue by type row License
Hardware and other context	EUR 18.0m	EUR 24.8m	EUR 39.4m	54.9% FY2022-FY2025	Not separately computed here	data_package Section 4 annual revenue by type row Hardware and other

Arithmetic tie-out checks:

Professional Services annual YoY: FY2023 EUR 297.7m to FY2024 EUR 326.9m equals 9.8 percent; FY2024 EUR 326.9m to FY2025 EUR 371.9m equals 13.8 percent. FY2022 EUR 239.7m to FY2025 EUR 371.9m gives a 15.8 percent CAGR. Q1 2025 is derived as FY2025 EUR 371.9m less Q2 EUR 88.2m, Q3 EUR 94.5m, and Q4 EUR 106.9m, equaling EUR 82.3m.

Q1 2026 EUR 98.2m divided by EUR 82.3m equals 19.3 percent. These checks are within the 2 percent tolerance because they are direct calculations from data-package annual and quarterly rows.

No product-dollar back-solves were used in the data package. The Professional Services TTM anchor of EUR 387.8m is calculated as FY2025 EUR 371.9m less derived Q1 2025 EUR 82.3m plus Q1 2026 EUR 98.2m. This is a mechanical TTM construction from data-package rows, not a new external historical source.

7. Management Guidance And Commentary

The data package Section 6 found no FMP transcripts and no company-hosted earnings-call transcripts. It uses short official MD&A and release excerpts. There is no management quote specifically breaking out Professional Services growth, margin, attach rate, backlog, or utilization. `[DATA GAP: no Professional Services-specific management guidance]`

The first relevant excerpt is from the FY2025 MD&A: "vertical market software" [data_package Section 6, row FY2025 MD&A]. For Professional Services, the interpretation is that implementation and customization work is attached to a VMS model, not a horizontal consulting practice. The line should be valued and modeled as enabling software adoption and retention.

The second relevant excerpt is from the FY2025 MD&A: "growth potential" [data_package Section 6, row FY2025 MD&A]. The data package interprets this as management linking the long-term model to acquiring and building VMS businesses. For Professional Services, this supports acquisition-led reported growth but does not justify high organic services growth on its own.

The third relevant excerpt is from the Q4 2025 release: "organic growth of 4%" [data_package Section 6, row Q4 2025 release]. This is a consolidated figure, not a Professional Services-specific figure. It is the main guardrail against over-modeling same-business services growth. Base-case services CAGR should sit above consolidated organic growth only if acquisitions and project mix continue to contribute.

The fourth relevant excerpt is from the Q1 2026 release: "organic growth of 5%" [data_package Section 6, row Q1 2026 release]. This suggests a modest improvement from FY2025 but still mid-single-digit organic growth. Because Professional Services Q1 growth was stronger than consolidated organic growth, some of the services increase likely reflects acquisitions, project timing, or mix rather than pure same-customer expansion.

The fifth relevant excerpt is from the FY2025 MD&A: "invest all of our FCFA2S" [data_package Section 6, row FY2025 MD&A]. This matters for Professional Services because acquired companies can bring implementation teams, customer projects, and service revenue. It also means reported growth can remain above organic growth if acquisition deployment continues.

The sixth relevant excerpt is from the FY2025 statements: "no material development expenditures" [data_package Section 6, row FY2025 statements]. This indicates R&D is expensed rather than capitalized, reducing the risk that consolidated margins are flattered by software development capitalization. It does not solve the Professional Services margin gap.

The seventh relevant excerpt is from the FY2025 statements: "No customer represents revenue in excess of 5%" [data_package Section 6, row FY2025 statements]. At the consolidated level, customer concentration is low. For Professional Services, this reduces the risk that a single implementation customer explains the whole line, but it does not rule out project lumpiness within local operating companies.

The eighth relevant excerpt is from the FY2025 MD&A: "may complete several acquisitions" [data_package Section 6, row FY2025 MD&A]. This supports an acquisition-fed services revenue path. It also introduces integration and quality risk if acquired services teams operate at lower margins.

8. Forward Growth Assumptions

The TTM anchor is EUR 387.8m for Professional Services revenue. The five-year horizon ends 2031-03-31. Since Professional Services is one revenue type rather than a disclosed product family, the bottom-up model has one modeled line. The growth cases are intentionally below the recent reported Q1 growth rate because Topicus's own consolidated disclosures show mid-single-digit organic growth and acquisition-heavy reported growth.

Product	3-yr historical CAGR	Latest YoY	Mgmt FY+1 guide	Base CAGR TTM to TTM+5y	Justification
Professional Services revenue type	15.8% FY2022-FY2025	19.3% Q1 2026 vs derived Q1 2025	No line-specific guide; consolidated organic growth 4% FY2025 and 5% Q1 2026	7.0%	Base assumes acquisitions and project demand keep services above same-business organic growth, but mix shifts toward recurring revenue and services labor constraints prevent sustained high-teens compounding.

Base-case year-by-year revenue path:

Period ending	Revenue EUR m	YoY growth	Notes
2026-03-31 TTM	387.8	Anchor	Data-package-derived TTM
2027-03-31	414.9	7.0%	M&A contribution plus mid-single-digit organic backdrop
2028-03-31	444.0	7.0%	Continued project demand, modest deceleration from recent reported growth
2029-03-31	475.1	7.0%	Services capacity scales, but not like recurring software
2030-03-31	508.3	7.0%	Mix increasingly shaped by acquired businesses
2031-03-31	543.9	7.0%	Five-year revenue equals EUR 543.9m

Product	3-yr historical CAGR	Latest YoY	Mgmt FY+1 guide	Bull CAGR TTM to TTM+5y	Justification
Professional Services revenue type	15.8% FY2022-FY2025	19.3% Q1 2026 vs derived Q1 2025	No line-specific guide; management intends to invest FCFA2S and may complete several acquisitions	10.0%	Bull assumes acquisition cadence remains strong, implementation demand follows cloud migration and vertical digitization, and delivery tooling lets Topicus add capacity without damaging quality.

Bull-case year-by-year revenue path:

Period ending	Revenue EUR m	YoY growth	Notes
2026-03-31 TTM	387.8	Anchor	Data-package-derived TTM
2027-03-31	426.6	10.0%	Acquisitions and project backlog sustain double-digit growth
2028-03-31	469.2	10.0%	Modernization and migration work expands attach revenue
2029-03-31	516.2	10.0%	Delivery playbooks and AI-assisted tooling improve capacity
2030-03-31	567.8	10.0%	Service line remains a meaningful adoption channel
2031-03-31	624.6	10.0%	Five-year revenue equals EUR 624.6m

Product	3-yr historical CAGR	Latest YoY	Mgmt FY+1 guide	Bear CAGR TTM to TTM+5y	Justification
Professional Services revenue type	15.8% FY2022-FY2025	19.3% Q1 2026 vs derived Q1 2025	No line-specific guide; consolidated organic growth only mid-single-digit	3.5%	Bear assumes project deferrals, tighter public and mid-market budgets, slower acquisition deployment, and some customer or partner substitution for lower-complexity implementation work.

Bear-case year-by-year revenue path:

Period ending	Revenue EUR m	YoY growth	Notes
2026-03-31 TTM	387.8	Anchor	Data-package-derived TTM

Period ending	Revenue EUR m	YoY growth	Notes
2027-03-31	401.4	3.5%	Services growth converges toward organic backdrop
2028-03-31	415.4	3.5%	Project timing and procurement pressure limit expansion
2029-03-31	430.0	3.5%	Acquisitions add less services revenue
2030-03-31	445.0	3.5%	More work handled internally or by partners
2031-03-31	460.6	3.5%	Five-year revenue equals EUR 460.6m

The thesis-consistency check is that no case extrapolates the 19.3 percent latest YoY rate for five years. The base case steps immediately to 7.0 percent because consolidated organic growth is 4-5 percent and the services line is labor-constrained. The bull case preserves part of the acquisition and modernization benefit at 10.0 percent, still below the FY2022-FY2025 Professional Services CAGR. The bear case converges to 3.5 percent, below the consolidated organic-growth marker, because project work is more deferrable than maintenance.

9. Forward Operating Margin Assumptions

Historical product-level operating margin is not disclosed. Topicus discloses one reportable segment and revenue by type, but not revenue-type gross margin, operating income, utilization, headcount, bill rates, backlog, or delivery cost. The only historical margin anchor in the data package is the consolidated operating income proxy: 15.0 percent in FY2025 and a quarterly proxy around 15.5 percent in Q1 2026. This appendix does not allocate that consolidated margin to Professional Services. `[DATA GAP: no product-level operating margin]`

The forward margin below is a modeled contribution-margin proxy, not reported operating margin. It is used to make the ER2 bottom-up segment rollup arithmetically explicit while respecting the data gap. The proxy is deliberately below or near consolidated margin because services are labor-intensive and likely less scalable than maintenance and other recurring revenue.

Product	Current margin disclosure	Bear TTM+5y margin	Base TTM+5y margin	Bull TTM+5y margin	Justification
Professional Services revenue type	Not disclosed; consolidated FY2025 operating proxy 15.0% only	6.0%	9.0%	12.0%	Bear assumes underpriced projects and wage pressure; base assumes disciplined scoping but labor intensity; bull assumes tooling, templates, and better utilization lift contribution while staying below SaaS-like economics.

Margin mechanisms:

In the bear case, services contribution falls to 6.0 percent because utilization weakens, customer procurement pressure compresses pricing, and acquired service teams carry uneven delivery discipline. This does not imply Topicus consolidated margin falls to 6.0 percent; it applies only to the Professional Services revenue type as a contribution proxy. Recurring revenue would still carry the consolidated model.

In the base case, 9.0 percent contribution reflects a useful but not exceptional services business. Projects are priced to cover labor and local overhead, but the line remains people-heavy. This is consistent with Professional Services acting as a strategic companion to recurring software rather than the company's main profit engine.

In the bull case, 12.0 percent contribution reflects better delivery tooling, higher reuse, more standardized implementation playbooks, and improved capacity planning across acquired businesses. The margin is still conservative relative to software maintenance economics because each project requires human delivery and domain-specific change management.

No historical product OI is invented. Applying the three scenario margins to horizon-year revenue gives modeled Professional Services contribution of EUR 27.6m bear, EUR 49.0m base, and EUR 75.0m bull.

10. Segment Rollup

Because Professional Services is a single disclosed revenue type within Topicus's one IFRS reportable segment, the rollup is one product line. Segment totals below equal the Professional Services line exactly. The margin is the modeled

contribution-margin proxy described in Section 9, not a disclosed product operating margin.

Case	Product	TTM revenue EUR m	CAGR TTM to TTM+5y	TTM+5y revenue EUR m	TTM+5y margin	TTM+5y operating income / contribution EUR m
Bear	Professional Services revenue type	387.8	3.5%	460.6	6.0%	27.6
Base	Professional Services revenue type	387.8	7.0%	543.9	9.0%	49.0
Bull	Professional Services revenue type	387.8	10.0%	624.6	12.0%	75.0

Rollup tie-out:

Bear revenue EUR 460.6m multiplied by 6.0 percent equals EUR 27.6m. Base revenue EUR 543.9m multiplied by 9.0 percent equals EUR 49.0m. Bull revenue EUR 624.6m multiplied by 12.0 percent equals EUR 75.0m. Since there is only one modeled line, product-level revenue reconciles to the Professional Services economic-line total within 0.0 percent in all cases.

The base case implies Professional Services revenue rises from 24.0 percent of FY2025 revenue to a potentially similar or slightly lower mix of consolidated revenue if maintenance and other recurring revenue continues to outgrow services. That is the desired direction for quality of revenue. Services should help install, migrate, and retain customers, but the investment case should not require services to become a larger share of the company.

11. Key Risks And Wildcards

Bear risk - project deferral. Professional Services is more discretionary than maintenance. Customers can renew support and delay upgrades, customization, or integrations. Public-sector procurement cycles and budget pressure could push project work out by quarters or years.

Bear risk - labor inflation. Delivery economics depend on skilled consultants, implementation specialists, engineers, and project managers. Wage pressure or hiring bottlenecks could reduce utilization and contribution, especially if fixed-fee projects are mis-scoped.

Bear risk - acquisition quality. Topicus can acquire service-heavy companies that add revenue but dilute contribution quality. FY2025's acquisition-heavy reported growth makes this relevant. If acquired services teams need restructuring or if projects are underpriced, Professional Services revenue growth may not translate into profit contribution.

Base risk - recurring mix shift. A healthier Topicus may intentionally tilt toward maintenance and other recurring revenue. That could make Professional Services grow slower than total revenue even if it remains strategically important.

Base wildcard - AI-assisted delivery. AI tools could improve documentation, code customization, testing, migration scripts, and support handoffs. The base case gives only limited credit because domain validation and customer change management still require humans.

Bull wildcard - cloud and modernization waves. If Topicus's installed base accelerates migrations, regulatory upgrades, or digital-government modernization, services demand could remain above mid-single-digit organic growth. This is most valuable if projects also convert into higher recurring revenue.

Bull wildcard - standardized playbooks. If Topicus can diffuse better implementation methods across acquired businesses without centralizing away local domain expertise, utilization and margin could improve. This would make Professional Services a stronger contributor while preserving its role as a recurring-revenue enabler.

Bear risk - substitution by partners or customers. Lower-complexity configuration and integration work may move to customers, partners, or AI-enabled third-party consultants. Topicus is best protected in proprietary, high-domain, high-risk work; it is less protected in generic implementation tasks.

Summary Table

Case	Segment TTM+5y Revenue	Segment TTM+5y Op Margin	Segment TTM+5y Op Income	Probability
Bear	EUR 460.6m	6.0%	EUR 27.6m	25%
Base	EUR 543.9m	9.0%	EUR 49.0m	55%
Bull	EUR 624.6m	12.0%	EUR 75.0m	20%

Summary interpretation: Professional Services is a useful, strategically attached revenue line, but it should not be valued like recurring software. The line helps implement and deepen Topicus's vertical-market software relationships, but historical product-level profit is not disclosed and labor intensity caps scalability. The most defensible model is moderate revenue growth from a EUR 387.8m TTM base, with contribution margins below consolidated software economics and a clear data-gap flag for undisclosed product-level operating income.

Inserted data-gap flags: `[DATA GAP: no product-level operating margin]`; `[DATA GAP: no utilization, bill-rate, or services gross-margin disclosure]`; `[DATA GAP: no Professional Services-specific management guidance]`.

Appendix B3 - License Revenue

License Revenue - Segment Deep Dive

Date: 2026-05-30. Company: Topicus.com Inc. Ticker: TOI.V. Currency: EUR for financials. TTM anchor: four quarters ending 2026-03-31. Forward horizon: 2031-03-31, exactly five calendar years from the TTM end date.

Important limitation: Topicus reports one IFRS 8 reportable segment. License Revenue is not a legally reported segment. It is a disclosed revenue type used here as an ER2 economic sub-line because the data package identifies revenue by type as the finest recurring official dollar disclosure. All historical Topicus figures in this appendix are reproduced from `data_package.md`. Product-line operating income and product-line margins are not disclosed, so this appendix does not invent historical License operating income. Forward profit figures are conservative modeled contribution estimates only and carry the explicit limitation `[DATA GAP: no product-level operating margin]`.

0. Segment Boundary And Taxonomy Note

Topicus has one reportable segment, and the data package states that the company aggregates its operating segments into "one reportable segment" under IFRS 8 [data_package Section 1]. License Revenue is therefore not an operating segment, not a reportable segment, and not a separately managed business unit with disclosed operating profit. It is a revenue type inside the single Topicus reportable segment. The taxonomy for revenue by type appears stable across FY2021-FY2025, and the data package says "Revenue type disclosure" is stable for those years [data_package Section 10, taxonomy flags]. The relevant boundary is not a restatement boundary; it is a disclosure boundary. The analysis can compare License revenue dollars across FY2021-FY2025 and the latest TTM, but it cannot compare License profit across periods because the company does not disclose revenue-type margins.

This limitation matters because license revenue often looks like a high-margin software line in generic software analysis. Topicus does not provide the gross margin, direct support burden, renewal mix, sales commission burden, or operating expense allocation for the License line. It also does not provide ARR, churn, customer count, seats, ACV, or vertical-specific revenue. Those gaps are not cosmetic. They prevent a precise product-line ROIC or product-line earnings bridge. The right use of the License line is to model a small, relatively mature, potentially cash-generative revenue stream while keeping its contribution to the consolidated valuation modest.

1. What This Economic Sub-Line Actually Is

License Revenue is the disclosed revenue type that the data package describes as "on-premise software license revenue" [data_package Section 4, product table row for License; official annual statements revenue-by-type table]. In practical terms, it likely represents perpetual or term-license software fees sold by Topicus portfolio companies where the customer runs or controls the deployment more directly than in a hosted SaaS model. The company does not provide enough detail to split License revenue by vertical, product family, geography, new licenses, upgrades, renewals, or acquired businesses. The only official dollars available are annual License revenue for FY2021-FY2025 and quarterly License revenue for Q2 2025 through Q1 2026.

The customer is a vertical-market buyer rather than a generic software buyer. Topicus describes its broader model as "vertical market software" [data_package Section 6, FY2025 MD&A row]. That means the underlying end users are likely public-sector, healthcare, education, legal, finance, facility management, ICT, digital marketing, and other vertical customers that use specialized workflows. The license line is therefore attached to installed workflow software, not a standalone horizontal productivity product. For a customer, the purchase is less about buying a software category and more about maintaining a mission-specific process that may have regulatory, data, integration, and training dependencies.

Pricing is not disclosed. The likely economic logic is a mix of new license sales, version upgrades, and license expansions, but that is inference rather than a reported KPI. Topicus does not disclose maintenance attach rates for license customers. The maintenance and other recurring line is much larger, at EUR 1,097.1m in FY2025 and 70.7% of total revenue [data_package Section 4, annual revenue by type; official FY2025 statements revenue-by-type disclosure]. Some license deployments may feed future maintenance or support revenue, but the company does not disclose a cohort bridge from license sales into recurring revenue. This appendix therefore treats License Revenue as an economic sub-line with indirect strategic relevance: it may help seed or refresh customer relationships, but the recurring value is mostly captured elsewhere in the revenue-type table.

Go-to-market is not disclosed at the license-line level. At the company level, Topicus acquires and operates many vertical-market software businesses, reinvests FCFA2S into acquisitions, and uses a decentralized operating structure inherited from the Constellation Software model [data_package Sections 6 and 7]. License Revenue likely arrives through those portfolio companies' local sales and account-management channels. That matters because there is no single Topicus-wide license engine to scale. The growth rate should be tied to many small product decisions and acquired-company mix, not to an assumption that management can simply push one global license product faster.

2. Current Economics

The current TTM base for License Revenue is EUR 46.0m. This is calculated directly from the data package's latest-quarter revenue by type table: Q2 2025 EUR 10.4m, Q3 2025 EUR 8.9m, Q4 2025 EUR 15.2m, and Q1 2026 EUR 11.5m [data_package Section 5, latest-quarter revenue by type; Q2/Q3 2025 releases, Q4 derived from annual less nine months, and Q1 2026 interim]. Total company TTM revenue is EUR 1,632.4m [data_package Section 0a, material KPI families; official annual statements and Q1 2026 interim]. License Revenue is therefore about 2.8% of TTM revenue. It is small enough that even a very good outcome for this line will not drive the whole Topicus verdict, but it is not irrelevant because software license revenue can be cash-efficient and can signal continued demand for installed on-premise products.

FY2025 License Revenue was EUR 43.9m, up only 0.9% from FY2024's EUR 43.5m [data_package Section 4, annual revenue by type; official FY2025 statements revenue-by-type disclosure]. That near-flat result followed a stronger FY2024, when License Revenue rose from EUR 35.5m in FY2023 to EUR 43.5m [data_package Section 4; official FY2024 and FY2025 statements]. The last three reported fiscal years therefore show a burst followed by flattening, not a smooth compounding curve. The TTM base of EUR 46.0m is modestly above FY2025 because Q1 2026 License Revenue was EUR 11.5m versus an implied Q1 2025 of roughly EUR 9.4m if one subtracts Q2-Q4 2025 from FY2025. That implied Q1 comparison is not treated as a formal source row, but it explains why TTM is above FY2025 despite FY2025 being flat.

No operating margin is disclosed for License Revenue. The data package explicitly classifies "Product-level margins" as a true non-disclosure and instructs Segment B to model consolidated margins only [data_package Section 10]. The one reportable segment's operating income proxy was EUR 233m in FY2025, a 15.0% operating margin, but that is a consolidated operating proxy and not a License margin [data_package Section 3]. The modeled contribution margin in this appendix is therefore a forward analytical assumption, not historical company disclosure. The assumption is intentionally conservative because small on-premise license revenue may require implementation support, sales effort, product maintenance, and acquired-company overhead even if the gross software economics are attractive.

Capital intensity for the License line is not separately disclosed. At the company level, Topicus had low capex as a percentage of revenue, with FY2025 capex of EUR 11m, or 0.7% of revenue, and R&D expensed of EUR 206m, or 13.3% of revenue [data_package Section 7]. The data package also records the official statement excerpt "no material development expenditures," meaning software development was expensed rather than capitalized [data_package Section 6]. This is important for margin quality: any forward contribution attributed to License Revenue should not rely on hidden capitalized development spend. However, because R&D is not allocated by revenue type, the License line cannot be isolated as a high-return product line without further disclosure.

3. Unit Economics

The unit economics of License Revenue likely differ from the larger maintenance and recurring line. A license sale can have high gross margin if it is a right-to-use software fee with little third-party passthrough cost. However, in vertical-market software the sale is rarely costless. The license may require product management, regulatory updates, compatibility work, installation support, account management, customer training, and a sales cycle tied to customer budgets. Some of those costs may sit in professional services, some in R&D, and some in operating expenses. Topicus does not allocate them by revenue type.

For this reason, the forward model uses "modeled contribution margin" rather than stated historical operating margin. The base case assigns a 16.0% contribution margin to License Revenue at the 2031-03-31 horizon. That is only 100 bps above the FY2025 consolidated operating proxy margin of 15.0%, despite the intuitive possibility that software license gross margins are higher. The restraint is deliberate. The line is too small, too lumpy, and too poorly disclosed to deserve a large profit uplift. The bull case uses 18.0%, which gives some credit for software economics and acquisition-mix benefits. The bear case uses 12.0%, assuming license revenue is attached to older deployments that need support and discounts to remain relevant.

The main margin driver is mix. If new acquired companies add license-heavy products with low incremental support burden, License Revenue could be high contribution. If the license line is mostly legacy on-premise deployments that require ongoing

engineering while the market shifts toward SaaS and hosted recurring models, contribution could be lower. The second driver is pricing power. Vertical-market customers can be sticky because software is embedded in specific workflows, but buyers also know when an on-premise product is mature and may resist aggressive license price increases. The third driver is R&D burden. Topicus expenses R&D, and FY2025 R&D was 13.3% of revenue at the company level [data_package Section 7]. Without product allocation, we cannot know whether license-bearing products consume more or less than that average.

The fourth driver is M&A. Topicus' reported growth is materially acquisition-led. FY2025 total revenue growth was 20%, while organic growth was 4% [data_package Section 6, Q4 2025 release row and modeling implications]. If acquired companies include license revenue, reported License dollars can grow even when same-business license demand is flat. That creates a unit-economics ambiguity: an acquired license dollar may be attractive, but the economic return depends on the acquisition price and integration burden, not just the revenue line. This appendix therefore avoids treating license growth as automatically organic or automatically high-return.

4. Competitive Dynamics

The competitive set is not a single named market because Topicus' license revenue sits across many vertical-market software businesses. The relevant competitors are usually incumbent local software vendors, other vertical-market software consolidators, larger enterprise software platforms entering a specific niche, and internally built customer systems. In some verticals, the practical competitor may be inertia: a customer keeps an old system running until regulatory changes, integration needs, or vendor support force an upgrade. In other verticals, competition may come from modern SaaS specialists offering lower implementation friction and faster product iteration.

The strongest competitive advantage for License Revenue is installed workflow depth. Vertical-market software can be difficult to displace because it encodes local regulatory rules, customer-specific workflows, historical data structures, integrations with adjacent systems, and user habits. That is especially true in public-sector, healthcare, education, legal, finance, and facility-management workflows. A license product that is embedded in those workflows may retain customers even without cutting-edge packaging. The company-level disclosure that no customer represented more than 5% of revenue in FY2025 reduces concentration risk [data_package Section 6], though it does not prove license-specific diversification.

The weakest competitive point is secular packaging. Many software markets have moved from license-led models toward recurring subscriptions, SaaS hosting, and usage-linked pricing. Topicus' own revenue mix is already dominated by Maintenance and other recurring revenue, which was 70.7% of FY2025 revenue [data_package Section 4, annual revenue by type; official FY2025 statements revenue-by-type disclosure]. License Revenue was only 2.8% of FY2025 revenue [same source]. A small license line inside a much larger recurring business may be a tail of legacy deployment preferences rather than a long runway for new license sales. It may still be profitable, but it is unlikely to be the best growth engine.

Pricing power is therefore mixed. Embedded workflow products can raise prices when customers have few substitutes and high switching costs. But on-premise license revenue may face budget cycles, procurement scrutiny, and customer preference for opex subscription models. If customers prefer hosted recurring products, Topicus may accept lower license growth in exchange for higher maintenance and recurring revenue. That is good for the company but not necessarily good for this License sub-line. The segment-level model should not penalize Topicus for a deliberate shift away from license revenue, but it should not assume the License line compounds like the broader acquired revenue base either.

Entry barriers vary by vertical. Barriers are higher where domain rules are complex, data migration is risky, and the software is mission-critical. Barriers are lower where the license product is a generic module, where cloud-native competitors can offer faster deployment, or where customers can replace a workflow with a broader enterprise suite. Because Topicus does not disclose the vertical mix of License Revenue, the model uses a portfolio average. Base-case growth is low single digit, which implicitly gives credit for acquired-company additions and installed-base pricing while recognizing that License is not the company's main disclosed growth vector.

5. Moat At The Sub-Line Level

License Revenue has a narrow, indirect moat. It benefits from the same local vertical-market switching costs that support Topicus' broader model: customer workflows, domain specificity, data conversion risk, and the operating discipline of a serial acquirer. But the moat belongs primarily to the underlying vertical products and customer relationships, not to the License revenue type itself. A revenue type is not a moat. A license fee is a way of charging for software. The defendable asset is the product's embedded position in a customer's workflow.

The durability of License Revenue over five to ten years is therefore likely adequate but not exceptional. It can persist because legacy and on-premise systems do not disappear quickly, and because some customers may prefer license arrangements for control, budgeting, data sovereignty, or procurement reasons. It can also grow modestly through acquisitions because acquired software companies may bring their own license streams. However, the line's mix share is already small. A revenue type that contributes less than 3% of company revenue and has no disclosed operating margin cannot carry the consolidated moat narrative.

The base-case moat judgment is "protected but not the engine." The License line is protected enough to avoid an aggressive decline assumption, but not protected enough to underwrite high growth. The bull case requires acquired-company mix and selective license upgrades to offset secular subscription migration. The bear case assumes migration toward recurring models, lower new license demand, and the risk that older license products require engineering support without meaningful new sales. In all cases, the company's value creation should be tested mainly through recurring revenue, FCFA2S, acquisition discipline, and consolidated ROIC, not through License Revenue alone.

6. Historical Growth Rates

The historical table below reproduces the data package's revenue-type disclosures. License Revenue is the only row modeled in this appendix. Other revenue types are shown only to preserve mix context and to remind the reader that License is a small sub-line inside the single Topicus reportable segment. Every historical dollar figure comes from the data package. No product-dollar back-solves are used.

Product / sub-segment	FY-3 rev	FY-2 rev	FY-1 rev	3-yr CAGR	Most recent YoY	Data package cite
License Revenue	EUR 35.5m	EUR 43.5m	EUR 43.9m	11.5%	0.9%	data_package Section 4, annual revenue by type row License; official annual statements
Total revenue context	EUR 1,125.0m	EUR 1,294.9m	EUR 1,552.3m	19.2%	19.9%	data_package Section 4, annual revenue by type row Total revenue; official annual statements

Arithmetic tie-out for License Revenue: FY2024 EUR 43.5m multiplied by 1.009 equals EUR 43.9m after rounding. FY2023 EUR 35.5m to FY2024 EUR 43.5m implies 22.5% growth, and FY2022 EUR 31.7m to FY2025 EUR 43.9m implies an 11.5% three-year CAGR. The row passes the internal arithmetic check within the 2% tolerance required by the protocol.

The most important observation is the difference between the three-year CAGR and the latest YoY. The three-year figure looks healthy because FY2024 was strong. The latest YoY is nearly flat. A responsible forecast should give more weight to the latest flattening than to the backward-looking CAGR, especially because total company growth has been acquisition-led and because License is not the strategic center of the revenue mix. The TTM base of EUR 46.0m provides a slightly higher starting point than FY2025, but the forecast still starts from a small, mature line.

7. Management Guidance

The data package found no FMP transcripts for TOI.V for FY2025 Q1-Q4 or FY2026 Q1, and no company-hosted earnings-call transcript was found in that run [data_package Section 6]. Management commentary is therefore limited to official MD&A and release excerpts. None of those excerpts provide License-specific guidance. The forward model uses company-level guidance as a constraint and flags the absence of License-specific commentary as a data gap.

Data package row	Verbatim excerpt	Topic	Interpretation for License Revenue
Section 6, FY2025 MD&A row	"vertical market software"	Business model	License Revenue is attached to VMS products, but the excerpt does not identify license-specific growth.
Section 6, Q4 2025 release row	"organic growth of 4%"	FY2025 growth	Company-level organic growth was modest, so License base-case growth should not assume a double-digit same-business trend.
Section 6, Q1 2026 release row	"organic growth of 5%"	Latest trend	Latest company organic growth improved slightly, supporting a low-single-digit License base case rather than decline.

Data package row	Verbatim excerpt	Topic	Interpretation for License Revenue
Section 6, FY2025 MD&A row	"invest all of our FCFA2S"	Capital allocation	Future License Revenue may come partly from acquisitions, but the line's growth cannot be assumed organic.
Section 6, FY2025 statements row	"no material development expenditures"	R&D capitalization	Software development is expensed, so contribution assumptions should not rely on capitalized development.
Section 6, FY2025 statements row	"No customer represents revenue in excess of 5%"	Concentration	Consolidated customer concentration is low, though License-specific concentration remains undisclosed.

[DATA GAP: no License-specific management guidance]. There is no disclosed management target for License Revenue, no price or volume commentary, no new-license pipeline, no renewal rate, and no margin bridge. The safest interpretation is that management does not present this line as a standalone growth engine. The company's own disclosed growth narrative is about vertical-market software, acquisitions, recurring revenue mix, organic growth, and FCFA2S deployment. License Revenue should therefore receive a small-line treatment in the ER2 model.

8. Forward Growth Assumptions

The forward model starts from TTM License Revenue of EUR 46.0m for the four quarters ending 2026-03-31. The five-year horizon is 2031-03-31. The base case assumes 3.5% CAGR. This is below the FY2022-FY2025 three-year CAGR of 11.5% because FY2025 grew only 0.9%, the line is small, and the company-level organic growth anchor is only 4%-5%. It is above zero because the TTM run-rate is higher than FY2025, installed vertical software can support periodic upgrades, and acquisitions may add some license revenue.

Base case:

Product	3-yr historical CAGR	Latest YoY	Mgmt FY+1 guide	Base CAGR TTM to TTM+5y	Justification
License Revenue	11.5%	0.9%	No License-specific guide; company organic growth 4%-5%	3.5%	Mature small line with flat FY2025, supported by installed-base upgrades and some acquired license contribution.

Bull case:

Product	3-yr historical CAGR	Latest YoY	Mgmt FY+1 guide	Bull CAGR TTM to TTM+5y	Justification
License Revenue	11.5%	0.9%	No License-specific guide; company may complete several acquisitions	7.0%	Acquisitions add license-heavy businesses and vertical customers continue buying upgrades despite broader recurring mix shift.

Bear case:

Product	3-yr historical CAGR	Latest YoY	Mgmt FY+1 guide	Bear CAGR TTM to TTM+5y	Justification
License Revenue	11.5%	0.9%	No License-specific guide; company organic growth 4%-5%	-2.0%	On-premise license demand erodes as customers migrate toward recurring or hosted models, with acquisitions insufficient to offset decline.

The thesis-consistency check is straightforward because current License growth is not high. The base case does not require a dramatic deceleration from a high current growth rate. It assumes FY2025's near-flat result normalizes to modest growth from the TTM base. The bull case remains below the historical three-year CAGR because the historical figure was lifted by FY2024 and may not represent sustainable same-business demand. The bear case is not a collapse; it is a slow shrinkage path consistent with mature license packaging inside a company whose larger disclosed line is recurring revenue.

The implied horizon revenue is EUR 54.7m in the base case, EUR 64.5m in the bull case, and EUR 41.6m in the bear case. Even the bull case adds only EUR 18.5m over the TTM base. That scale confirms the small-line treatment: License Revenue can help, but it cannot rescue or break the Topicus investment case by itself unless it signals a broader disclosure or quality problem in the revenue base.

9. Forward Operating Margin And Contribution Assumptions

[DATA GAP: no product-level operating margin]. Topicus does not disclose License gross margin, License operating margin, License R&D allocation, License sales allocation, or License support cost. The data package says product-level margins are a true non-disclosure and that Segment B should model consolidated margins only [data_package Section 10]. It also says segment operating income is not disclosed [data_package Section 3 and Section 10]. Therefore this section does not present historical License operating income. The margin below is a modeled contribution margin for forward ER2 scenario work, not a reported segment margin.

Product	Current margin disclosure	Bear TTM+5y margin	Base TTM+5y margin	Bull TTM+5y margin	Mechanism
License Revenue	Not disclosed; consolidated FY2025 operating proxy margin was 15.0%	12.0%	16.0%	18.0%	Bear assumes support/R&D burden on shrinking legacy licenses; base holds only 100 bps above consolidated proxy; bull gives limited pricing/acquired-mix benefit.

The bear margin is below the FY2025 consolidated operating proxy margin because it assumes a legacy license tail that still requires engineering and customer support while shrinking. In that case, the line may lose operating leverage even if revenue declines slowly. The base margin is only modestly above the consolidated proxy because software license revenue should have decent contribution, but the lack of disclosure and small scale argue against a heroic margin. The bull margin gives credit for acquired license streams and pricing on embedded workflow products, but still avoids assuming a 40%-plus software product margin because the ER2 model needs operating profit that can be defended from disclosed evidence.

This conservative margin treatment will probably understate the economic profit of any truly high-margin license sale, but it avoids a larger analytical error: capitalizing a tiny line at a high software margin without knowing the associated R&D, service, or sales costs. Because License Revenue is only about 2.8% of TTM revenue, precision beyond this range would be false precision. The key for the synthesis agent is to use these figures as a small contribution line and to avoid mixing them with the legally reported segment margin.

10. Segment Rollup

The rollup is a single-line product model because License Revenue is already the finest disclosed dollar revenue type. It starts from TTM License Revenue of EUR 46.0m and compounds for exactly five years to 2031-03-31. The modeled contribution income equals horizon revenue multiplied by modeled contribution margin. The table intentionally uses EUR m to preserve the small scale.

Case	TTM base revenue	CAGR TTM to TTM+5y	TTM+5y revenue	Modeled contribution margin	Modeled contribution income	Arithmetic check
Bear	EUR 46.0m	-2.0%	EUR 41.6m	12.0%	EUR 5.0m	41.6 x 12.0% = 5.0
Base	EUR 46.0m	3.5%	EUR 54.7m	16.0%	EUR 8.8m	54.7 x 16.0% = 8.8
Bull	EUR 46.0m	7.0%	EUR 64.5m	18.0%	EUR 11.6m	64.5 x 18.0% = 11.6

The product-level sum reconciles to the sub-line total by definition because License Revenue is the only row. The base-case TTM+5y revenue of EUR 54.7m would remain a small part of Topicus even if the rest of the company grew only modestly. The bear case reduces revenue by EUR 4.4m over five years, which is not a thesis-breaking hit. The bull case adds EUR 18.5m over TTM and about EUR 6.6m of modeled contribution income over the bear case. The spread matters for precision, but it does not dominate the consolidated ER2 output.

The most important downstream instruction is that the synthesis should not add this modeled contribution income on top of a separately modeled consolidated margin if that would double-count operating expenses. Because Topicus has one reportable segment, the synthesis should either use revenue-type contribution as a supporting bridge inside the consolidated margin model or explicitly reconcile all revenue-type modeled contributions to the consolidated operating proxy. This appendix is designed to inform the line's economics, not to create a separate legal segment that Topicus does not report.

11. Key Risks And Wildcards

The first risk is disclosure risk [all cases, especially bull]. The company does not disclose License-specific margins, ARR, retention, customer count, or vertical mix. That means the line can look cleaner than it is. A sudden change in License Revenue could be caused by acquisition timing, accounting classification, customer procurement cycles, or migration to

recurring models. This risk affects all cases, but especially the bull case because the bull case assumes acquired and upgrade-driven license demand remains healthy.

The second risk is secular packaging risk [bear]. If customers increasingly prefer SaaS or hosted recurring products, License Revenue could stagnate or decline even while Topicus' consolidated business remains healthy. That would affect the bear case most directly. The investment implication is nuanced: a decline in License Revenue is not automatically bad if Maintenance and other recurring revenue rises with good cash conversion. But it would make any license-specific profit contribution less durable.

The third risk is acquisition-mix risk [bull and bear]. Topicus' reported growth has been materially acquisition-led, and FY2025 total growth of 20% came with only 4% organic growth [data_package Section 6, Q4 2025 release row]. If future acquisitions bring lower license exposure, License Revenue may lag total revenue. If they bring older license-heavy products, License Revenue may rise but require more support and modernization. This risk affects both bull and bear cases.

The fourth risk is margin allocation [bull]. A high apparent software license gross margin can be offset by R&D, support, customer success, implementation, and sales effort. Without product-level operating margin, contribution assumptions are uncertain. This risk mostly affects the bull case, where the temptation is to treat all incremental license revenue as nearly pure profit.

The fifth risk is customer budget and procurement cyclicality [all cases]. License purchases can be lumpy, as the quarterly sequence shows: EUR 10.4m in Q2 2025, EUR 8.9m in Q3 2025, EUR 15.2m in Q4 2025, and EUR 11.5m in Q1 2026 [data_package Section 5, latest-quarter revenue by type; Q2/Q3 releases, Q4 derived from annual less nine months, Q1 interim]. A few upgrade cycles or procurement decisions can shift the line materially in percentage terms because the base is small. This affects all cases and argues against over-interpreting any single quarter.

Summary Table

Case	Segment TTM+5y Revenue	Segment TTM+5y Op Margin	Segment TTM+5y Op Income	Probability
Bear	EUR 41.6m	12.0% modeled contribution margin	EUR 5.0m modeled contribution income	25%
Base	EUR 54.7m	16.0% modeled contribution margin	EUR 8.8m modeled contribution income	55%
Bull	EUR 64.5m	18.0% modeled contribution margin	EUR 11.6m modeled contribution income	20%

Final interpretation: License Revenue is a small, disclosed revenue type inside Topicus' single IFRS reportable segment. It deserves a conservative model, not a full segment valuation. The line has plausible embedded-workflow durability and some acquisition optionality, but FY2025 was nearly flat, management gives no License-specific guidance, and product-level margins are not disclosed. The base case therefore models modest 3.5% revenue CAGR from a EUR 46.0m TTM base to EUR 54.7m at 2031-03-31, with EUR 8.8m of modeled contribution income. The ER2 conclusion for Topicus should be driven by recurring revenue durability, acquisition reinvestment returns, consolidated FCFA2S, management quality, and valuation discipline, not by this small license sub-line.

Appendix B4 - Hardware and Other Revenue

Hardware and Other Revenue - Segment Deep Dive

Date: 2026-05-30. Company: Topicus.com Inc. Ticker: TOI.V. Currency: EUR for financials. TTM anchor: trailing twelve months ending 2026-03-31. Forward horizon: 2031-03-31. This appendix follows the ER2 Segment Deep Dive protocol, but it is deliberately scoped as a small/simple economic sub-line. Topicus reports one IFRS 8 reportable segment. "Hardware and other" is not a legally reported segment, not an operating segment, and not a product division with disclosed operating income. It is a disclosed revenue type inside the one reportable segment. I therefore use it as an ER2 modeling sub-line only, with the limitation stated throughout.

0. Segment Boundary And Taxonomy Note

Topicus aggregates its operating segments into one IFRS 8 reportable segment. The data package states that the finest recurring official operating history is revenue by type: License, Professional services, Hardware and other, and Maintenance and other recurring. It also states that reportable-segment taxonomy was stable over the last three fiscal years and that revenue type disclosure was stable for FY2021-FY2025 [data_package Section 1; data_package taxonomy flags rows "One reportable segment" and "Revenue type disclosure"]. The boundary used here is therefore not a reportable segment boundary. It is an economic sub-line boundary: third-party and customized hardware plus other revenue, disclosed as one revenue type within the single Topicus reportable segment [data_package Section 4, Product and sub-segment historicals row "Hardware and other"]. No restatement boundary is applied for FY2023-FY2025 comparisons, but FY2021 remains a broader accounting caution year because the data package flags Combination and preferred-security effects that distort GAAP net income. Those effects do not change the revenue type table, but they are a reason not to infer historical product operating income from consolidated earnings.

1. What This Segment Actually Is

Hardware and other revenue is the small non-core revenue type attached to Topicus's vertical-market software operating model. The data package defines it as "Third-party and customized hardware plus other revenue" [data_package Section 4, Product and sub-segment historicals row "Hardware and other"]. In practical terms, this is the equipment, device, infrastructure, resale, and miscellaneous project revenue that can accompany a vertical software deployment. It is not the main software subscription book, not license revenue, and not professional services. It can arise when a customer needs hardware to make a software implementation work in a field setting, a physical workflow, a hosted or managed environment, or a specialized vertical solution.

The likely customer is the same customer base served by Topicus's operating companies: European vertical-market institutions and enterprises using mission-specific software in areas such as government, healthcare, education, legal, finance, facility management, ICT, and related verticals. The data package does not disclose vertical-specific revenue, customer count, seats, ARPU, ACV, ARR, retention, or churn [data_package Section 10, rows "Vertical-specific revenue", "Customer count, enterprise customers, seats, ARPU, ACV", "ARR, ending ARR, net new ARR", and "NRR, gross retention, churn, cohort retention"]. That means this appendix cannot safely allocate hardware/other revenue by vertical, customer cohort, or installed base. The safest description is that hardware/other revenue is an ancillary revenue category attached to acquired and operated VMS businesses.

The pricing model is probably mixed. Some revenue is likely pass-through resale, where Topicus buys third-party equipment or related goods and charges the customer with a markup. Some may be customized hardware or bundled deployment revenue, where Topicus's operating company delivers a configured package that includes equipment and software. Some "other" revenue may be miscellaneous items that do not fit the three main buckets. None of those components is separately quantified in the data package. Because "hardware" usually carries lower gross margins than software subscriptions, and because "other" is undefined, this line should be modeled with conservative contribution economics rather than software-like operating margin.

Go-to-market is also indirect rather than standalone. A customer is unlikely to choose Topicus primarily as a hardware vendor. The hardware component is more likely pulled by the software solution: a municipal workflow needs devices; a healthcare or education implementation needs equipment; a vertical business acquired by Topicus has a legacy practice of bundling equipment with software; or a project includes third-party hardware procurement for convenience. The implication is important. The revenue line may grow when Topicus acquires a business with hardware-heavy contracts, but that does not mean

Topicus has found a separate high-quality hardware growth vector. It may be a byproduct of acquisition mix.

2. Current Economics

The TTM base used for forward modeling is the four quarters ending 2026-03-31. The data package provides quarterly hardware and other revenue of EUR 8.5m in Q2 2025, EUR 6.9m in Q3 2025, EUR 16.7m in Q4 2025, and EUR 9.9m in Q1 2026 [data_package Section 5, Latest-quarter revenue by type row "Hardware and other"]. Summed mechanically, TTM hardware and other revenue is EUR 42.0m. This represented roughly 2.6 percent of Topicus TTM revenue of EUR 1,632.4m [data_package Section 0a, material KPI family row "Total revenue"]. The line is small enough that a few contracts, a newly acquired business, or a project-timing shift can create large percentage changes.

FY2025 hardware and other revenue was EUR 39.4m, or 2.5 percent of Topicus total revenue [data_package Section 4, Annual revenue by type row "Hardware and other"]. Revenue grew from EUR 24.8m in FY2024 to EUR 39.4m in FY2025, a 58.9 percent year-over-year increase. It also grew from EUR 18.0m in FY2023 to EUR 24.8m in FY2024, a 37.8 percent increase. Those growth rates look explosive, but they are calculated from a very small base and sit inside a company where total reported revenue growth is heavily influenced by acquisitions. The data package states that FY2025 total revenue grew 20 percent while organic growth was 4 percent, and Q1 2026 revenue grew 23 percent while organic growth was 5 percent [data_package Section 6, Forward modeling implications rows "Organic revenue" and "Acquisition growth"]. There is no disclosed organic growth for hardware and other revenue alone.

The current operating margin of this revenue type is not disclosed. The data package explicitly classifies product-level margins as a true non-disclosure after searches of official statements for product, gross margin, and revenue category margin [data_package Section 10, row "Product-level margins"]. It also states that segment operating income is a true non-disclosure and that Topicus has one reportable segment, with the consolidated operating proxy used only at the one-segment level [data_package Section 3 and Section 10, row "Segment operating income"]. Therefore the correct treatment is: [DATA GAP: no product-level operating margin]. This appendix does not invent historical hardware/other operating income.

Consolidated economics provide only a loose outer frame. Topicus's one reportable segment generated FY2025 revenue of EUR 1,552.3m and an operating income proxy of EUR 233.2m, or a 15.0 percent margin [data_package Section 3, one reportable segment table]. The same data package shows Q1 2026 consolidated operating margin proxy of 15.5 percent [data_package Section 5, quarterly trend by reportable segment]. But applying those consolidated margins to hardware and other would overstate precision. Maintenance and other recurring revenue was 70.7 percent of FY2025 revenue and almost certainly carries different economics than hardware resale. Professional services and license revenue also carry different margin structures. Hardware and other should be modeled as a low-margin contribution line whose value is mainly strategic attachment and customer enablement, not standalone profit.

3. Unit Economics

The unit economics of hardware and other revenue are not software-like. A maintenance subscription can produce high renewal value after the product is built. A license can carry high gross margin even if revenue is lumpy. Professional services may carry labor-intensive but controllable margins. Hardware is different: it often contains a third-party cost of goods component, logistics, procurement, configuration, warranty, and working-capital usage. Customized hardware can carry more value-added economics than pure resale, but it still requires physical input costs and may be exposed to vendor pricing. The word "other" adds ambiguity rather than quality.

Because Topicus does not disclose product-level gross margin or operating margin, the best ER2 treatment is contribution modeling rather than historical OI modeling. In this appendix, "operating margin" for hardware and other means a conservative modeled contribution margin at the economic sub-line level, not reported IFRS segment OI. It is not a number management disclosed. It is a deliberately modest assumption used so the synthesis model can include the line without treating every euro of hardware revenue as software revenue. The required disclosure remains: [DATA GAP: no product-level operating margin].

The key cost drivers are likely hardware input cost, freight or logistics, implementation handling, vendor support, field configuration, warranty or replacement exposure, and working-capital timing. Topicus's broader model has very low capex intensity. The data package shows capex at only 0.7 percent of revenue in FY2025, and R&D is expensed rather than materially capitalized [data_package Section 7, capital allocation history; data_package Section 6, management commentary row "no material development expenditures"]. That low capex does not mean hardware/other is high margin. It means Topicus is not building a capital-intensive manufacturing or data-center hardware business on balance sheet. Hardware and other revenue is more likely procurement, delivery, configuration, or bundled project revenue than owned physical infrastructure.

The line can break margin upward if it is mostly customized hardware integrated into proprietary vertical solutions, if procurement markups are disciplined, if the hardware is required to unlock recurring software revenue, or if operating companies can standardize configurations across customers. It can break margin downward if revenue is pure pass-through resale, if supply-chain inflation hits, if contracts are fixed-price while input costs move, if customer projects require bespoke support, or if acquired businesses bring lower-margin hardware-heavy revenue that Topicus tolerates to preserve customer relationships.

The base case therefore uses a TTM+5y contribution margin of 3.0 percent. That is intentionally far below Topicus's consolidated operating proxy margin. The bear case uses 0.0 percent, effectively treating the line as break-even at the operating level. The bull case uses 6.0 percent, acknowledging that customized hardware and attached services could carry some contribution but still avoiding software-like economics. These are not historical disclosures. They are conservative forward assumptions forced by the disclosure gap.

4. Competitive Dynamics

Hardware and other revenue is unlikely to have standalone competitive power. If a customer wants generic third-party equipment, there are many distributors, systems integrators, local IT resellers, device vendors, and original equipment manufacturers that can supply hardware. Topicus's advantage, if any, is not that it has superior hardware procurement scale. It is that its operating companies control the vertical software relationship and can specify, configure, or support the hardware needed for the software workflow.

The direct competitors depend on the vertical. In municipal, healthcare, education, legal, facility-management, or finance workflows, competitors can include incumbent vertical software vendors, regional IT service providers, hardware resellers, and implementation consultancies. But because hardware and other is only a disclosed revenue type, the data package does not tell us which verticals or operating companies contribute to the line. It is not possible to build a market share estimate. The data package explicitly says vertical-specific revenue is a true non-disclosure [data_package Section 10, row "Vertical-specific revenue"]. It also says customer count and ARPU are not disclosed [data_package Section 10, row "Customer count, enterprise customers, seats, ARPU, ACV"].

Pricing power is therefore derivative. Topicus may have pricing power when hardware is embedded in a mission-critical solution, when switching the software would be costly, or when the customer's operational workflow requires a certified configuration. Topicus likely has little pricing power when the hardware is generic and separable from the software. In a procurement-only scenario, customers can compare prices. In a configured-solution scenario, the customer compares the total system outcome, and the hardware component may be less visible.

Substitution risk is real but bounded. Hardware may be replaced by cloud workflows, mobile devices the customer already owns, or third-party managed services. On the other hand, some vertical software continues to need physical devices, field equipment, secure endpoints, scanners, terminals, or specialized peripherals. The point for ER2 is not to forecast the exact device mix. It is to avoid giving this line the moat of the recurring software base. Hardware and other revenue may support the moat of the core software relationship, but it does not itself create a deep moat.

5. Moat At The Segment Level

The segment-level moat is weak on a standalone basis. Hardware and other revenue does not have the durable economics of Topicus's maintenance and other recurring revenue. It does not have disclosed ARR, retention, churn, cohort, or customer-count metrics. It does not have separately disclosed product margins. It is small, project-influenced, and likely tied to acquisition mix. A buyer of Topicus should not underwrite this line as an independent compounding engine.

The line can still have strategic value. In vertical-market software, a vendor that can deliver the full workflow may reduce friction for the customer. If a school, municipality, healthcare institution, or industry-specific customer needs both software and a configured physical component, the vendor that controls the software can simplify procurement, accountability, and support. This can reinforce customer intimacy and implementation quality. The moat, however, belongs to the workflow and software relationship. Hardware is an attachment, not the castle wall.

Durability over five to ten years should be treated as medium-low. The revenue type has grown rapidly in the recent historical table, but the line remains just 2.5 percent of FY2025 revenue. Because Topicus is acquisitive, future hardware/other revenue may grow through acquired companies with different revenue mixes. That is not the same as organic durability. The data package warns that most FY2025 reported growth came from acquisitions rather than organic growth [data_package Section 6, Forward modeling implications row "Acquisition growth"]. A conservative model should therefore let the line grow, but at a

rate that fades sharply from recent small-base growth and lands near low-single-digit to high-single-digit CAGRs depending on case.

6. Historical Growth Rates Reproduced From Data Package

The table below reproduces the FY2022-FY2025 revenue type history from the data package so the three-year CAGR start point is explicit. Hardware and other is the modeled sub-line. The other revenue types are shown only to preserve mix context and to make clear that hardware and other is not the main software economics of Topicus. Every number is from the data package's official-source revenue type table unless otherwise noted.

Product / sub-segment	FY2022 rev	FY2023 rev	FY2024 rev	FY2025 rev	3-yr CAGR	Most recent YoY	Data package cite
Hardware and other	EUR 10.6m	EUR 18.0m	EUR 24.8m	EUR 39.4m	54.9%	58.9%	data_package Section 4 annual revenue by type row "Hardware and other"; Section 4 product row "Hardware and other"
License	EUR 31.7m	EUR 35.5m	EUR 43.5m	EUR 43.9m	11.5%	0.9%	data_package Section 4 annual revenue by type row "License"; Section 4 product row "License"
Professional services	EUR 239.7m	EUR 297.7m	EUR 326.9m	EUR 371.9m	15.8%	13.8%	data_package Section 4 annual revenue by type row "Professional services"; Section 4 product row "Professional services"
Maintenance and other recurring	EUR 634.7m	EUR 773.8m	EUR 899.7m	EUR 1,097.1m	20.0%	21.9%	data_package Section 4 annual revenue by type row "Maintenance and other recurring"; Section 4 product row "Maintenance and other recurring"
Total revenue	EUR 916.7m	EUR 1,125.0m	EUR 1,294.9m	EUR 1,552.3m	19.2%	19.9%	data_package Section 4 annual revenue by type total row; Section 0a material KPI row "Total revenue"

Arithmetic tie-out for hardware and other: FY2024 EUR 24.8m x 1.589 = EUR 39.4m, within rounding. FY2023 EUR 18.0m x 1.378 = EUR 24.8m, within rounding. FY2022 EUR 10.6m x 1.698 = EUR 18.0m, within rounding [data_package Section 4, annual revenue by type row "Hardware and other"]. The three-year CAGR from FY2022 EUR 10.6m to FY2025 EUR 39.4m is approximately 54.9 percent. The two-year CAGR from FY2023 EUR 18.0m to FY2025 EUR 39.4m is approximately 47.9 percent. These growth rates are mathematically correct but economically fragile because the base is small and the data package does not disclose organic growth by revenue type.

TTM bridge: Q2 2025 EUR 8.5m plus Q3 2025 EUR 6.9m plus Q4 2025 EUR 16.7m plus Q1 2026 EUR 9.9m equals EUR 42.0m [data_package Section 5, latest-quarter revenue by type row "Hardware and other"]. The Q4 2025 spike is a warning against straight-line quarterly extrapolation. Q4 alone was 42.4 percent of FY2025 hardware and other revenue. The TTM base is only 6.6 percent higher than FY2025, despite the sharp FY2025 annual growth, because Q1 2026 was EUR 9.9m rather than a continuation of Q4's EUR 16.7m level.

7. Management Guidance Quoted From Data Package Section 6

There is no management quote that specifically targets hardware and other revenue. The data package says FMP transcript endpoints returned empty arrays and no company-hosted earnings-call transcripts were found in the run [data_package Section 6]. The following items are the relevant official-source anchors for modeling this sub-line.

Data package row	Verbatim excerpt	Topic	Interpretation for hardware and other
Section 6 row "vertical market software"	"vertical market software"	Business model	Hardware/other should be treated as ancillary to VMS workflows, not as a standalone hardware strategy.
Section 6 row "growth potential"	"growth potential"	Acquisition strategy	Growth may come from acquired businesses with different revenue-type mixes, including some hardware/other.
Section 6 row "organic growth of 4%"	"organic growth of 4%"	FY2025 growth	Do not treat the 58.9% FY2025 hardware/other increase as same-business growth without support.
Section 6 row "organic growth of 5%"	"organic growth of 5%"	Latest trend	Q1 2026 consolidated organic growth supports a modest organic baseline, not a high-growth hardware case.
Section 6 row "invest all of our FCFA2S"	"invest all of our FCFA2S"	Capital allocation	Acquisitions can change the revenue-type mix, so hardware/other may grow by M&A even if organic demand is slower.
Section 6 row "no material development expenditures"	"no material development expenditures"	R&D capitalization	Low software capitalization supports accounting quality, but says nothing about hardware/other margins.

[DATA GAP: no hardware-specific management guidance]. The official commentary does not provide a product-line CAGR target, margin target, backlog, bookings, ARR, customer count, or contract pipeline for hardware and other. The forward model therefore uses the consolidated organic growth context, the small-line historical volatility, and conservative contribution economics.

8. Forward Growth Assumptions

The forward model compounds from TTM revenue of EUR 42.0m for exactly five calendar years to 2031-03-31. The recent historical CAGR is intentionally not extrapolated. A 54.9 percent CAGR for five more years would turn this small ancillary line into a material business, with no supporting disclosure. The base case instead assumes low-single-digit growth. The bear case assumes mild decline as cloud, customer-owned devices, procurement discipline, or pass-through pruning offset acquisition mix. The bull case assumes continued acquisition mix and vertical workflow attachment, but still at a far lower rate than the recent small-base history.

Base case:

Product	3-yr historical CAGR	Latest YoY	Mgmt FY+1 guide	Base CAGR TTM to TTM+5y	Justification
Hardware and other	54.9% from FY2022-FY2025	58.9% FY2025	No hardware-specific guide; consolidated organic 4% FY2025 and 5% Q1 2026	3.0%	Small-base growth is not extrapolated; base assumes modest project and acquisition attachment but lower quality than software recurring revenue.

Bull case:

Product	3-yr historical CAGR	Latest YoY	Mgmt FY+1 guide	Bull CAGR TTM to TTM+5y	Justification
Hardware and other	54.9% from FY2022-FY2025	58.9% FY2025	No hardware-specific guide; management intends to invest FCFA2S in acquisitions	8.0%	Bull assumes acquired operating companies continue to bring hardware-attached contracts and that configured hardware remains useful in vertical workflows.

Bear case:

Product	3-yr historical CAGR	Latest YoY	Mgmt FY+1 guide	Bear CAGR TTM to TTM+5y	Justification
Hardware and other	54.9% from FY2022-FY2025	58.9% FY2025	No hardware-specific guide; consolidated organic growth is mid-single-digit	-2.0%	Bear assumes FY2025 included acquisition/project timing, generic hardware gets competed away, and Topicus deemphasizes low-margin pass-through revenue.

The thesis-consistency check is that FY2025 reported growth was high but unsupported by hardware-specific organic disclosure. Consolidated Topicus organic growth was 4 percent in FY2025 and 5 percent in Q1 2026 [data_package Section 6, Forward modeling implications row "Organic revenue"]. The base case hardware/other CAGR of 3 percent is below consolidated organic growth because generic hardware is lower quality and less moaty than recurring software. The bull case of 8 percent is above consolidated organic growth, but only because acquisitions and configured vertical workflows can keep the line growing without requiring the same-business hardware base to compound at the FY2025 rate. The bear case of negative 2 percent allows for deliberate pruning of low-margin revenue.

The year-by-year base path implied by 3 percent CAGR is: EUR 42.0m TTM base, EUR 43.3m after one year, EUR 44.6m after two years, EUR 45.9m after three years, EUR 47.3m after four years, and EUR 48.7m at 2031-03-31. This is a sharp deceleration from FY2025, but the cause is specific: the line is small, Q4 2025 was lumpy, Q1 2026 did not annualize the Q4 run-rate, and management disclosed only mid-single-digit consolidated organic growth.

9. Forward Operating Margin Assumptions

Topicus does not disclose product-line operating margins. This is a hard data gap: [DATA GAP: no product-level operating margin]. The data package says product-level margins are a true non-disclosure and instructs Segment B to model consolidated margins only [data_package Section 10, row "Product-level margins"]. It also says reported segment operating income is not disclosed [data_package Section 3, one reportable segment table]. Because this appendix is forced to provide an economic contribution estimate for synthesis, I use explicitly conservative modeled contribution margins and do not label them historical.

Product	Current OI margin	Bear TTM+5y margin	Base TTM+5y margin	Bull TTM+5y margin	Justification
Hardware and other	Not disclosed; [DATA GAP: no product-level operating margin]	0.0%	3.0%	6.0%	Hardware and other likely includes third-party inputs and pass-through revenue; even bull avoids software-like margin.

The >100 bps margin differences between cases are driven by mix and procurement economics, not by a disclosed margin trend. In the bear case, generic hardware resale and project cleanup absorb contribution, leaving the line break-even after support, warranty, logistics, and operating overhead. In the base case, Topicus earns a small contribution because hardware is attached to vertical solutions and not purely commodity resale. In the bull case, more of the revenue is customized or configuration-heavy, and the company captures better markup while keeping operating complexity controlled.

There is no basis to set the line at Topicus's consolidated operating proxy margin of roughly 15 percent. Doing so would implicitly assume hardware and other has the same economics as maintenance, license, and services combined, which the data package does not support. The conservative margins used here reduce the risk that the synthesis model overstates earnings power from a small, low-disclosure revenue category.

10. Segment Rollup

The rollup has only one modeled product line: hardware and other. Segment totals therefore equal the product line totals. The arithmetic uses TTM revenue of EUR 42.0m and compounds to 2031-03-31.

Case	TTM revenue	CAGR TTM to TTM+5y	Segment TTM+5y Revenue	Segment TTM+5y Op Margin	Segment TTM+5y Op Income	Arithmetic check
Bear	EUR 42.0m	-2.0%	EUR 38.0m	0.0%	EUR 0.0m	42.0 x 0.98^5 = 38.0; 38.0 x 0.0% = 0.0
Base	EUR 42.0m	3.0%	EUR 48.7m	3.0%	EUR 1.5m	42.0 x 1.03^5 = 48.7; 48.7 x 3.0% = 1.5
Bull	EUR 42.0m	8.0%	EUR 61.7m	6.0%	EUR 3.7m	42.0 x 1.08^5 = 61.7; 61.7 x 6.0% = 3.7

These numbers are intentionally small in the company model. Even the bull case produces only EUR 3.7m of modeled TTM+5y operating income. That is the correct scale discipline. Hardware and other was only 2.5 percent of FY2025 revenue and about 2.6 percent of TTM revenue. Treating it as a major earnings lever would create false precision and false upside.

The most important output for synthesis is not the exact bull revenue number. It is the quality classification. This line should be carried as ancillary, low-margin, low-disclosure revenue. If synthesis needs a single base-case contribution, use EUR 48.7m of TTM+5y revenue and EUR 1.5m of modeled operating income. If synthesis instead wants to avoid product-level OI entirely,

it can consolidate hardware and other into company-level margin and cite this appendix's data gap.

11. Key Risks And Wildcards

Bear risk: hardware and other revenue may be pass-through revenue with minimal or no contribution. If Topicus inherits hardware-heavy contracts through acquisitions, reported revenue can rise while economic quality declines. This would make revenue growth look better than FCFA2S conversion or operating profit growth.

Bear risk: procurement and input-cost volatility can compress margins. A small markup on third-party equipment can disappear if vendor prices rise, logistics costs move, or customer contracts are fixed before input costs settle.

Bear risk: customers can source generic hardware directly. If the hardware is separable from the software workflow, Topicus has limited pricing power and may lose the revenue or accept low margin to preserve the software relationship.

Base risk: the line is lumpy. Q4 2025 hardware and other revenue was EUR 16.7m, while Q1 2026 was EUR 9.9m [data_package Section 5, latest-quarter revenue by type row "Hardware and other"]. A single annual or quarterly growth rate can mislead the model.

Base risk: acquisition mix can overwhelm organic trend. The data package states that FY2025 total growth was 20 percent versus organic growth of 4 percent [data_package Section 6, Forward modeling implications row "Acquisition growth"]. If acquisitions add hardware-heavy businesses, the line may grow faster than the base case, but that does not prove high-quality organic compounding.

Bull wildcard: customized hardware may deepen customer workflows. If hardware is certified, configured, or bundled into mission-critical vertical systems, it can improve implementation quality and customer stickiness. The value would show up more in software retention than in hardware margins.

Bull wildcard: operating companies may standardize procurement. If Topicus can aggregate vendor relationships or repeat configurations across acquired verticals, contribution margin could exceed the base case. The bull case still caps modeled margin at 6 percent because no product-level margin is disclosed.

Final summary:

Case	Segment TTM+5y Revenue	Segment TTM+5y Op Margin	Segment TTM+5y Op Income	Probability
Bear	EUR 38.0m	0.0%	EUR 0.0m	25%
Base	EUR 48.7m	3.0%	EUR 1.5m	55%
Bull	EUR 61.7m	6.0%	EUR 3.7m	20%

This is a small/simple appendix by design. The segment protocol normally targets 5,000-7,000 words, but this line does not justify that length because Topicus discloses it only as a revenue type, it is 2.5 percent of FY2025 revenue, product-level margins are not disclosed, and management gives no hardware-specific guidance. The right analytical answer is a constrained, conservative sub-line model with explicit disclosure limits rather than a long narrative that invents a richer business than the filings support.

Appendix S - Synthesis (Combined Earnings Model)

Topicus.com Inc. - Synthesis (Combined Earnings Model)

This appendix is the combined ER2 earnings model for Topicus.com Inc. It uses the reviewed revenue-type appendices for Maintenance and other recurring revenue, Professional Services, License Revenue, and Hardware and other. Those appendices are not legal segment appendices. Topicus reports one IFRS 8 reportable segment, and the B appendices model disclosed revenue-type economic sub-lines because that is the finest official dollar disclosure. Product-line operating income is not disclosed. The forward "operating income" numbers below are modeled contribution or consolidated operating-income proxy outputs, not historical disclosed revenue-type operating income.

All financial statement numbers are in EUR. The TOI.V share price is CAD 99.73 from the QF/FMP quote. For the valuation gate, I convert that CAD price into EUR using the latest valuation-date central-bank reference rate available before the Saturday valuation date: Bank of Italy, based on the ECB euro reference rates, published 2026-05-29, 1 EUR = 1.6074 CAD. Source: https://www.bancaditalia.it/compiti/operazioni-cambi/cambio/cambi_rif_20260529/?com.dotmarketing.htmlpage.language=1. That produces EUR 62.04 per share, calculated as CAD 99.73 divided by 1.6074. The P/E 15 gate is therefore run in one currency: EUR EPS versus EUR share price.

The synthesis is intentionally stricter than a normal software rollup model. A less disciplined model could take the high recurring revenue mix, assign a generic software margin to the recurring line, capitalize the Constellation heritage, and then let the valuation be rescued by a long horizon. That is not the ER2 test. The ER2 question is narrower: using the reviewed appendices, the official TTM anchor, a five-year horizon, a fully diluted share count, and a P/E of 15, does the base case clear today's price with a margin of safety? The answer is no. This is not because the revenue build is weak. It is because the normalized per-share earnings power five years out is far below what CAD 99.73 already discounts.

The modeling boundary also matters for minority-shareholder economics. Topicus' official financial statements include material NCI and exchangeable-unit mechanics. The QF and QFR files preserve the official diluted share count and the fully exchanged share-count concept. This appendix follows that treatment by using 129.841819m diluted shares. It does not use only the current subordinate voting share count, and it does not mix CAD market capitalization with EUR earnings. It also does not let FY2025 IFRS net income drive the forward EPS base, because Asseco and investment-accounting effects depressed GAAP-like earnings even while FCFA2S and revenue rose. Normalized EPS is therefore the right gate metric, but it must still be explicit and conservative.

The other boundary is cash flow. Topicus reports FCFA2S, and the data package gives TTM FCFA2S of EUR 222.4m. That is a helpful shareholder-cash-flow anchor and a useful check on the modeled operating proxy. But FCFA2S does not automatically become EPS for the P/E 15 gate. It can help identify whether IFRS net income is temporarily distorted, and it can show that the operating model converts profit into cash. It cannot justify paying a price that requires EUR 4.14 of normalized EPS unless the five-year operating model can plausibly produce that level of earnings per share.

1. Anchors

- Today: 2026-05-30.
- Fiscal year end: December 31.
- TTM anchor: twelve months ended 2026-03-31.
- TTM construction: FY2025 plus Q1 2026 less recast Q1 2025 comparative from the Q1 2026 official interim statements.
- TTM quarters: Q2 2025, Q3 2025, Q4 2025, and Q1 2026.
- Latest completed FY label for historical tie-out: FY2025.
- Horizon date: 2031-03-31.
- Compounding span: exactly 5.0 calendar years from the TTM end.
- Current TOI.V price: CAD 99.73.
- EUR valuation price: EUR 62.04, using 1 EUR = 1.6074 CAD from the 2026-05-29 ECB reference rate published by the Bank of Italy.

- TTM diluted share count: 129.841819m after conversion or exchange, from the data package and QF/QFR.
- TTM revenue: EUR 1,632.395m from QF/QFR.
- TTM FCFA2S: EUR 222.4m from QF/QFR and the data package.

The most important accounting constraint is the NCI and exchangeable-unit structure. The model uses the fully diluted 129.841819m share count because the data package identifies that as the post-conversion or post-exchange share count. The EPS basis is normalized, fully exchanged software earnings: operating-income proxy less normalized net interest, no modeled Asseco fair-value or investment-accounting gain, tax at 25.8%, divided by the fully diluted share count. This is not IFRS reported EPS, because FY2025 and TTM IFRS net income are distorted by Asseco and investment-accounting items. It is the clean basis used for the P/E 15 gate.

The TTM anchor is especially important because Topicus' Q1 2025 comparative was recast in the Q1 2026 official statements. The appendix uses the recast comparative, not the original Q1 2025 filing, in order to stay aligned with QF and QFR. This avoids a common error in Topicus modeling: subtracting the wrong Q1 2025 values and then building five years of growth from a distorted starting point. The revenue bridge is straightforward, but net income and EPS are not. The QF/QFR package explicitly flags that the recast Q1 2025 comparative changed Asseco-related finance and tax effects, which is another reason to use normalized operating earnings rather than a raw TTM IFRS EPS run-rate.

2. Segment-Level Forward Assumptions

The following rows reproduce the reviewed B appendix outputs. "Segment" means revenue-type economic sub-line, not IFRS operating segment. All TTM revenue and TTM+5y revenue figures are EUR billions. OI margin means modeled forward contribution or operating-income proxy margin.

Segment	TTM revenue EUR b	Bear TTM+5y rev EUR b	Base TTM+5y rev EUR b	Bull TTM+5y rev EUR b	Bear OI margin	Base OI margin	Bull OI margin
Maintenance and other recurring	1.157	1.585	1.905	2.131	15.0%	16.0%	17.0%
Professional services	0.388	0.461	0.544	0.625	6.0%	9.0%	12.0%
License revenue	0.046	0.042	0.055	0.065	12.0%	16.0%	18.0%
Hardware and other	0.042	0.038	0.049	0.062	0.0%	3.0%	6.0%

Sources: `appendix_B_maintenance_recurring.md` Sections 8 to 10; `appendix_B_professional_services.md` Sections 8 to 10; `appendix_B_license_revenue.md` Sections 8 to 10; `appendix_B_hardware_other.md` Sections 8 to 10. The historical revenue anchors tie to QF/QFR revenue-by-type rows: License EUR 46.013m, Professional Services EUR 387.851m, Hardware and other EUR 41.976m, and Maintenance and other recurring EUR 1,156.555m.

The key quality ranking is unchanged from the moat appendix. Maintenance and other recurring is the economic core. Professional Services reinforces implementation and switching costs but is labor-intensive. License is small and mature. Hardware and other is ancillary and low-margin. The synthesis therefore does not treat Topicus as a pure high-margin SaaS business.

The table also shows why the synthesis can fail while still respecting the business. The base case recurring line grows to EUR 1.905b, which is a large and economically valuable installed base. The Professional Services line grows to EUR 544m, which is not a throwaway line. Yet the blended base margin is pulled down by labor-intensive services, low-margin hardware and other revenue, the absence of disclosed product-level operating leverage, and the decision to keep recurring contribution near consolidated margin rather than assign a SaaS-style profit pool. The model therefore gives Topicus credit for durable reported growth without giving it credit for undisclosed product margins.

3. Combined Revenue Build

Revenue is summed from the four reviewed revenue-type appendices. There are no additional corporate eliminations because the revenue-type rows tie to consolidated TTM revenue in QF/QFR and the data package. Rounding differences are immaterial.

Line	Bear	Base	Bull
Sum of revenue-type TTM+5y revenue	EUR 2.125b	EUR 2.553b	EUR 2.882b

Line	Bear	Base	Bull
Corporate eliminations	EUR 0.000b	EUR 0.000b	EUR 0.000b
Combined TTM+5y revenue	EUR 2.125b	EUR 2.553b	EUR 2.882b
Implied TTM to TTM+5y CAGR	5.4%	9.3%	12.0%

The base case grows from EUR 1.632b of TTM revenue to EUR 2.553b over exactly five calendar years, a 9.3% CAGR. That is above Topicus' disclosed consolidated organic growth of 4% in FY2025 and 5% in Q1 2026, so the base case requires continued acquisition contribution. It does not require the FY2025 reported growth rate to persist.

The revenue build is therefore acquisition-enabled, not pure same-business compounding. This distinction is not cosmetic. If same-business growth stays around mid-single digits, the difference between that organic baseline and the 9.3% base-case consolidated CAGR must come from acquired revenue, pricing, mix, transaction volume, or acquired businesses maturing after purchase. That is consistent with the Topicus and Constellation model, but it is a capital-allocation assumption rather than a product-adoption assumption. The management appendix supports the idea that management intends to reinvest FCFA2S into acquisitions, but it also keeps the gate at YELLOW because the FY2025 acquisition and Asseco step-up still needs to earn through in future per-share results.

The bear and bull cases frame the same dependency. In the bear case, revenue still grows to EUR 2.125b because the recurring base is large and sticky, but acquisition contribution and services demand fade. In the bull case, revenue grows to EUR 2.882b because the acquisition engine remains strong, recurring revenue integrates well, and implementation or modernization demand stays healthy. None of the cases assumes a collapse in the installed base. The valuation fail is therefore not dependent on a hostile operating outlook.

4. Combined Operating Income Build

The B appendices modeled forward contribution or operating-income proxy margins. Since Topicus does not disclose revenue-type cost structures, the bridge below treats those modeled margins as already inclusive of local operating costs, development burden, support, implementation, acquisition integration, and a proportional overhead burden. I therefore set incremental unallocated corporate expense to zero. This is a conservative bridge in a specific sense: the base case consolidated operating margin is 14.3%, below the TTM operating proxy margin of 15.5%, so the model is not relying on hidden margin expansion.

Line	Bear	Base	Bull
Sum of revenue-type modeled OI	EUR 270.3m	EUR 364.0m	EUR 452.5m
Unallocated corporate expense	EUR 0.0m	EUR 0.0m	EUR 0.0m
Combined TTM+5y OI	EUR 270.3m	EUR 364.0m	EUR 452.5m
Implied OI margin	12.7%	14.3%	15.7%

Corporate expense assumption: no separate corporate expense is subtracted because each revenue-type margin was deliberately calibrated as a contribution or OI proxy near consolidated economics, not a gross margin. Subtracting an additional central cost pool would double-count overhead. The cross-check is the reported proxy: TTM operating proxy is EUR 253.1m on EUR 1,632.4m revenue, or 15.5%. Base horizon margin of 14.3% is lower, while bull margin of 15.7% only returns to the current proxy. TTM FCFA2S of EUR 222.4m equals 87.9% of TTM operating proxy, so cash conversion is strong but not enough to rescue the valuation gate.

This is the most important modeling judgment in the appendix. The B appendices use the word "margin," but the company has not disclosed historical revenue-type operating margin. A gross-margin-style rollup would require a separate corporate, R&D, sales, support, and integration expense bridge. The reviewed B appendices instead used narrow forward contribution or operating-income proxy assumptions, with recurring revenue at only 16.0% in the base case and Professional Services at only 9.0%. Those margins are already close to or below consolidated operating economics. Treating them as gross margins and subtracting another corporate layer would be punitive and would not reflect how the appendices were built.

At the same time, treating the contribution sum as consolidated OI is not an aggressive choice. The base horizon margin is 120 bps below the TTM proxy. The bear margin is only 12.7%, explicitly allowing acquisition integration, labor intensity, low-quality hardware revenue, and slower scale leverage to weigh on the company. The bull margin of 15.7% is not heroic because it is essentially the current TTM margin extended to a larger company. That is why the bridge is conservative: it does not invent a 20% to 30% software margin, even though a recurring VMS book might theoretically support higher margins in a

cleaner disclosure environment.

5. Net Income And EPS Build

Asseco and investment-accounting items distort IFRS net income and GAAP-like EPS. The P/E gate therefore uses normalized earnings: operating-income proxy less normalized net interest expense, plus zero other income, taxed at the FY2025 statutory tax anchor of 25.8%. Other income is set to zero because the model does not underwrite Asseco fair-value, equity-method, derivative, or dilution-gain benefits as recurring software earnings.

Line	Bear	Base	Bull
Combined TTM+5y OI	EUR 270.3m	EUR 364.0m	EUR 452.5m
Net interest expense	EUR -25.0m	EUR -20.0m	EUR -15.0m
Other income	EUR 0.0m	EUR 0.0m	EUR 0.0m
Pre-tax income	EUR 245.3m	EUR 344.0m	EUR 437.5m
Tax rate assumed	25.8%	25.8%	25.8%
Net income	EUR 182.0m	EUR 255.3m	EUR 324.6m
Diluted share count at TTM+5y	129.842m	129.842m	129.842m
EPS at TTM+5y	EUR 1.40	EUR 1.97	EUR 2.50

The normalized interest assumption is deliberately simple. FY2025 cash interest on leases and other facilities less interest and dividends received was roughly EUR 18m, and Q1 2026 annualized net cash interest was in the mid-teens. The base case uses EUR 20m, the bear case EUR 25m to allow for higher debt and acquisition funding, and the bull case EUR 15m to allow for stronger cash generation. No Asseco income is included.

The tax assumption uses the 25.8% statutory anchor from the data package. This is another conservative simplification. Actual cash taxes and IFRS tax expense can move with geography, NCI, acquisition accounting, interest deductibility, Asseco, and timing differences. The ER2 gate does not require a detailed tax model if the output is not close to passing. A three percentage point tax swing changes base EPS by about EUR 0.08. That is meaningful for precision, but immaterial to a gate that needs EUR 4.14 of EPS and only produces EUR 1.97 in the base case.

The resulting EPS should be read as normalized fully diluted EPS, not reported IFRS EPS. Reported FY2025 diluted EPS was only EUR 0.50, and QF/QFR show TTM approximate diluted EPS of EUR 0.375 using the official EPS numerator. Those figures are not a clean starting point because the Asseco accounting expense and related finance items materially affected net income. The model gives Topicus credit for normalized operating earnings by starting from OI proxy, not reported IFRS net income. Even with that credit, the base case does not come close to the P/E 15 requirement.

6. Share Count Path

The data package and management appendix found no share buyback program. Topicus also intends to reinvest FCFA2S into acquisitions rather than repurchases. SBC issuance is not separately disclosed in the reviewed package, and official diluted shares are stable at 129.841819m in the QF/QFR anchors. Therefore the explicit path carries zero buybacks and zero SBC issuance, with a data-gap flag rather than an assumed buyback offset.

Year	Starting share count	Buyback EUR b	Avg price assumed	Shares retired	SBC issuance	Ending share count
2026-03-31 to 2027-03-31	129.842m	0.000	N/A	0.000m	0.000m	129.842m
2027-03-31 to 2028-03-31	129.842m	0.000	N/A	0.000m	0.000m	129.842m
2028-03-31 to 2029-03-31	129.842m	0.000	N/A	0.000m	0.000m	129.842m
2029-03-31 to 2030-03-31	129.842m	0.000	N/A	0.000m	0.000m	129.842m
2030-03-31 to 2031-03-31	129.842m	0.000	N/A	0.000m	0.000m	129.842m

Share count equation: 129.841819m plus five years of zero net issuance equals 129.841819m. If Topicus begins issuing equity for compensation, acquisitions, or preferred-security mechanics, this path must be updated. The current model does not award the company an EPS benefit for buybacks that have not been part of the capital allocation record.

This is a meaningful difference from many compounder models. A company with heavy buybacks can clear a per-share gate even when consolidated earnings growth is moderate, because the denominator shrinks. Topicus does not deserve that shortcut here. The management appendix and data package show a reinvestment model, not a repurchase model. That is a perfectly rational capital-allocation choice if acquisitions clear hurdle rates, but it means the EPS gate depends on operating and acquisition-led earnings growth rather than financial engineering. If future capital allocation shifts toward repurchases, the synthesis should be rerun with explicit retirement math and a realistic average repurchase price.

7. P/E 15 Test

The P/E 15 test is run in EUR. CAD 99.73 converted at 1 EUR = 1.6074 CAD equals EUR 62.04. Required TTM+5y EPS for a P/E of 15 is EUR 4.14, calculated as EUR 62.04 divided by 15.

Case	EPS at TTM+5y	EPS x 15	Current price	Cushion	Pass?
Bear	EUR 1.40	EUR 21.03	EUR 62.04	-66.1%	FAIL
Base	EUR 1.97	EUR 29.49	EUR 62.04	-52.5%	FAIL
Bull	EUR 2.50	EUR 37.50	EUR 62.04	-39.6%	FAIL

The confident case that matters is the base case, not the bull case. The base case EPS x 15 is EUR 29.49, far below the EUR 62.04 share price. Topicus therefore fails the P/E 15 gate on the synthesis model even though the business quality is real.

The cushion is negative by more than half in the base case. That is too large to dismiss as rounding, tax, FX, or one-year timing error. To pass at the current EUR-converted price, Topicus needs EUR 4.14 of EPS at the horizon. With 129.841819m diluted shares, that implies roughly EUR 537m of normalized net income. At the 25.8% tax rate and EUR 20m base net interest expense, pre-tax income would need to be about EUR 724m and operating income would need to be around EUR 744m. That is more than double the base-case EUR 364m OI output and about 29% of base-case revenue. Nothing in the reviewed appendices supports that margin at Topicus' current disclosure standard.

An investor could argue for a different valuation framework, such as a higher terminal multiple, a discounted cash flow model with longer compounding, or a parent-quality premium for the Constellation ecosystem. Those may be relevant in a full investment memo. They do not change this protocol result. The synthesis protocol asks whether the base case clears a P/E of 15 five years forward at today's price. It does not.

8. Reflexivity Check

The TTM reconstruction ties cleanly to QF/QFR. Revenue-type TTM revenue totals EUR 1,632.395m, exactly the consolidated TTM revenue anchor. TTM operating proxy is EUR 253.145m, calculated as revenue of EUR 1,632.395m less expenses before other income and expense lines of EUR 1,379.250m. The latest completed FY2025 proxy is EUR 233.592m, calculated as EUR 1,552.302m less EUR 1,318.710m.

Check	Revenue result	OI proxy result	Status
TTM revenue-type sum vs consolidated	EUR 1,632.395m vs EUR 1,632.395m	EUR 253.145m proxy vs EUR 253.145m proxy	PASS
FY2025 revenue-type sum vs consolidated	EUR 1,552.302m vs EUR 1,552.302m	EUR 233.592m proxy vs EUR 233.592m proxy	PASS
Base horizon bridge vs reported margin	EUR 2,552.655m modeled	14.3% margin vs 15.5% TTM proxy	PASS

The reflexivity risk is conceptual rather than arithmetic. The B appendices do not disclose historical product OI. They supply forward modeled contribution proxies. The synthesis bridge is therefore conservative and explicit: it uses the revenue-type outputs as an operating proxy, checks the resulting consolidated margin against reported margin and FCFA2S, and refuses to claim that historical revenue-type operating income was disclosed.

This approach also prevents double-counting the recurring moat. The maintenance appendix already embeds the idea that recurring revenue is higher quality by assigning it the highest base revenue CAGR and a 16.0% margin. The moat appendix separately says switching costs and high-trust procurement support the installed base. If the synthesis then added a second valuation premium through a much higher consolidated margin, it would count the same evidence twice. The correct way to reflect the moat here is through durable revenue growth, stable margins, and a non-collapse bear case, not through unsupported high-SaaS operating leverage.

9. In-Progress FY Reconciliation

Stage 0 did not treat FY2026 as effectively complete. The anchor is TTM ended 2026-03-31. Still, the first forward year should not jump away from the latest run-rate. The base-case first-forward-year revenue implied by the segment CAGRs is EUR 1,783.9m, or 9.3% above the TTM revenue base. That is within the 10% recency-anchor threshold and is consistent with a blend of 4% to 5% organic growth plus continued acquisitions.

Line	Value
Q1 2026 actual revenue	EUR 435.688m
Q1 2026 annualized revenue	EUR 1,742.752m
TTM revenue	EUR 1,632.395m
Base first-forward-year revenue	EUR 1,783.853m
Base first-forward-year growth vs TTM	9.3%
Difference vs Q1 2026 annualized run-rate	2.4%

The Q1 annualization check is only a sanity check because Q1 has material seasonality in cash flow and FCFA2S. It is useful for revenue because Q1 2026 revenue of EUR 435.7m annualizes to EUR 1.743b, close to the model's first forward year.

Cash flow seasonality is much more severe. The data package flags that Q1 has annual maintenance invoicing effects, making Q1 FCFA2S unusually high relative to other quarters. That is why the model does not annualize Q1 FCFA2S as a steady-state shareholder cash-flow base. It uses TTM FCFA2S of EUR 222.4m and compares that to TTM operating proxy. The first-forward-year revenue check passes, but the cash-flow model remains anchored to TTM.

10. Sensitivity

The sensitivity table holds the base case constant except for the named variable. The largest modeled driver is maintenance recurring revenue growth, followed by share count and tax rate. Professional Services margin matters, but it does not drive the gate.

Variable changed	Downside EPS	Upside EPS	EPS impact range	Interpretation
Maintenance recurring CAGR plus or minus 200 bps	EUR 1.81	EUR 2.13	EUR 0.32	Largest operating driver because recurring revenue is the biggest line
Professional Services OI margin plus or minus 200 bps	EUR 1.90	EUR 2.03	EUR 0.12	Useful but not decisive
Share count plus or minus 5%	EUR 1.87	EUR 2.07	EUR 0.20	Dilution matters because no buyback offset is modeled
Tax rate plus or minus 300 bps	EUR 1.89	EUR 2.05	EUR 0.16	Secondary but visible

Even the upside sensitivities do not approach the required EUR 4.14 EPS. The kill criterion is therefore not a single small assumption. The stock would need either materially faster acquisition-led growth, materially higher consolidated margins, a much lower entry price, or some recurring Asseco/investment income that this model deliberately excludes from normalized software EPS.

The sensitivity also clarifies what future evidence would matter most. The first trigger would be recurring revenue growth that stays above 10% while organic growth improves and margins remain stable. That would make the base maintenance CAGR look too low. The second trigger would be evidence that acquired businesses are moving consolidated operating margin above the mid-teens without sacrificing FCFA2S conversion. The third trigger would be a share price reset or FX move that lowers the EUR entry price. By contrast, small changes in License Revenue or Hardware and other do not move the investment case.

11. Combined Earnings Summary

Probability weights are 25% bear, 50% base, and 25% bull. This is not a uniform 33% split. The base case gets the highest weight because Topicus has a real recurring VMS moat and a credible acquisition system, while the bull and bear cases are balanced by disclosure opacity, acquisition-return uncertainty, and AI or service-margin risk.

Case	Revenue EUR b	OI EUR b	OI margin	NI EUR b	EPS EUR	Probability	EPS x 15	vs EUR 62.04
Bear	2.125	0.270	12.7%	0.182	1.40	25%	21.03	-66.1%
Base	2.553	0.364	14.3%	0.255	1.97	50%	29.49	-52.5%
Bull	2.882	0.453	15.7%	0.325	2.50	25%	37.50	-39.6%
Probability-weighted EPS	N/A	N/A	N/A	N/A	1.96	100%	29.38	-52.6%

The summary is a clean ER2 valuation fail. The business is not broken: the base case still produces EUR 2.553b of revenue and EUR 364.0m of normalized operating income by 2031-03-31. The price is the problem. At the EUR-converted share price, the market is already paying for earnings power far above what a conservative five-year revenue-type synthesis can defend.

The probability-weighted EPS is EUR 1.96, almost identical to the base case because the bear and bull probabilities are symmetric. That output is useful because it shows the verdict is not a probability-weighting artifact. Reweighting the bull case higher would still not get close to EUR 4.14 unless the bull case itself changed radically. The model would need a different operating thesis, not simply a more optimistic weighting of the reviewed appendices.

This is the final synthesis conclusion: Topicus is a YELLOW-quality business at a FAIL valuation under the ER2 P/E 15 gate. The recurring VMS installed base, Constellation-linked capital allocation culture, low customer concentration, and FCFA2S conversion are real positives. The offset is equally real: one-segment disclosure, no ARR or NRR, no product-level margins, acquisition-heavy reported growth, Asseco complexity, minority-holder structure, and a current price that requires much more five-year EPS than the conservative model can generate.

Tie-Out Checks

- Reported-financial tie-out: PASS. TTM revenue-type sum equals EUR 1,632.395m consolidated TTM revenue, and FY2025 revenue-type sum equals EUR 1,552.302m consolidated FY2025 revenue. TTM and FY2025 operating proxies tie mechanically to revenue less expenses before other income and expense lines.
- NI divided by shares equals EPS: PASS. Bear EUR 182.0m divided by 129.841819m equals EUR 1.40. Base EUR 255.3m divided by 129.841819m equals EUR 1.97. Bull EUR 324.6m divided by 129.841819m equals EUR 2.50.
- Segment sum tie-out at horizon: PASS. Combined TTM+5y revenue equals the sum of the four revenue-type appendices in each case. Corporate eliminations are zero because revenue-type rows tie to consolidated revenue.
- Product-to-segment rollup: PASS. Each reviewed B appendix uses a single disclosed revenue type as its modeled line, and each Section 10 rollup ties product revenue to revenue-type total within rounding.
- Weighted margin check: PASS. The combined base OI margin of 14.3% equals total modeled OI of EUR 364.0m divided by total revenue of EUR 2,552.7m. Individual revenue-type margins are reproduced from the appendices and no historical product margin is claimed.
- Share count path: PASS. Starting 129.841819m plus zero shares retired plus zero disclosed SBC issuance for each of five years equals ending 129.841819m.
- Growth plausibility: PASS. Base CAGRs do not exceed 1.2x the disclosed three-year growth rates: Maintenance 10.5% vs 24.0% threshold, Professional Services 7.0% vs 19.0%, License 3.5% vs 13.8%, and Hardware 3.0% vs 65.9%. Hardware's historical growth is explicitly treated as small-base and acquisition-driven rather than extrapolated.
- Historical arithmetic: PASS. The Section 10 appendix rows tie within 1%: for example, Maintenance base EUR 1,156.6m x 1.105^5 equals EUR 1,905.4m, Professional Services base EUR 387.9m x 1.07^5 equals EUR 544.0m, License base EUR 46.0m x 1.035^5 equals EUR 54.6m, and Hardware base EUR 42.0m x 1.03^5 equals EUR 48.7m.
- Recency anchor: PASS. Base first-forward-year revenue is EUR 1,783.9m, 9.3% above TTM revenue and 2.4% above Q1 2026 annualized revenue, within the 10% threshold.

- Currency and P/E bridge: PASS. CAD 99.73 is converted to EUR 62.04 using the 2026-05-29 ECB reference rate of 1 EUR = 1.6074 CAD as published by the Bank of Italy. Required EPS for P/E 15 is EUR 4.14.

- FCFA2S cross-check: PASS. TTM FCFA2S of EUR 222.4m is 87.9% of TTM operating proxy of EUR 253.1m. Applying that conversion to base horizon OI implies roughly EUR 320m of FCFA2S, or EUR 2.47 per fully diluted share, still far below the EUR 4.14 P/E 15 EPS hurdle. Cash flow quality helps the business case, but it does not overturn the valuation fail.

Markdown tables verified: sections 2, 3, 4, 5, 6, 7, 10, and 11.

Appendix CS - Compounder Score

Topicus.com Inc. - Compounder Score

Analysis date: 2026-05-30. Ticker: TOI.V. Reporting currency: EUR for financial statements; trading price: CAD 99.73, equivalent to EUR 62.04 using 1 EUR = 1.6074 CAD. TTM anchor: 2026-03-31. Forward horizon: 2031-03-31. This score is diagnostic only and does not override the ER2 gate verdicts.

1. Executive Verdict

Topicus is a real compounder-quality candidate, but not a high-confidence 20% return underwrite at today's price. The evidence supports a durable vertical-market software owner with a large recurring revenue base, strong FCFA2S conversion, decentralized acquisition culture, and meaningful founder/operator alignment. The evidence does not support paying today's price and assuming the next five years can earn through the valuation without terminal multiple help.

The score is capped for five reasons. First, reported growth is acquisition-heavy: FY2025 total revenue grew 20%, while organic growth was 4%; Q1 2026 revenue grew 23%, while organic growth was 5%. Second, acquisition-inclusive ROIIC is much lower than the headline revenue and FCFA2S growth imply because the FY2025 acquisition and Asseco-related capital deployment step-up was large. Third, minority-shareholder economics are unusually complicated: Topicus Coop exchangeable units, non-controlling interests, CSI control, Joday/Ijssel ownership, and related-party channels all matter to per-share economics. Fourth, disclosure is thin for a software compounder: no ARR, NRR, churn, customer count, cohort retention, product margins, vertical revenue, or acquired-cohort return disclosure. Fifth, the valuation is the decisive problem: the ER2 synthesis base case produces EUR 1.97 of normalized 2031 EPS versus EUR 4.14 required for a P/E of 15 at the current EUR-converted price.

Diagnostic score: 51/100. Business quality score: 50/80. Valuation / 20% return underwriting score: 1/20. Score-implied classification: Reject. This does not mean Topicus is a bad business. It means the current evidence and price do not support the strict CompounderScorer standard.

2. Data Source Map

Data item	Source used	Period / date	Treatment
Price and market cap	Live FMP quote/profile for TOI.V; QF quote tie-out	2026-05-30 run	CAD 99.73, CAD 8.311b market cap
FX	Bank of Italy / ECB reference-rate page	2026-05-29	1 EUR = 1.6074 CAD; EUR price = CAD 99.73 / 1.6074
Income statement	QF official-source override; official FY2025 statements and Q1 2026 release	FY2021-FY2025; Q1 2026	Official EUR values control where FMP differs
Balance sheet	QF/data package; live FMP cross-check	FY2025; Q1 2026	Official cash, debt, leases, NCI used
Cash flow	QF/data package; official FCFA2S bridge	FY2021-FY2025; TTM	FCFA2S used for shareholder cash-flow quality
Share count	QF/data package official EPS notes	FY2025; Q1 2026	Fully exchanged diluted count: 129.841819m
Segment and revenue type data	QF/data package and B appendices	FY2021-FY2025; TTM	One IFRS reportable segment; revenue-type appendices used as economic sub-lines
Management and governance	Appendix management; 2026 circular, FY2025 MD&A, official releases	2025-2026	Management gate YELLOW
Moat and durability	Appendix moat and B appendices	2026-05-30	Moat YELLOW; 2046 test YELLOW
Valuation model	Appendix synthesis	TTM to 2031-03-31	P/E 15 base cushion -52.5%
Competitors and industry structure	ER2 source package	2026-05-30	Used only qualitatively; no secondary market-size score uplift

Official live source checks included the Topicus Q1 2026 GlobeNewswire release at https://www.globenewswire.com/news-release/2026/05/05/3288363/0/en/constellation-software-inc-and-topicus-com-inc-announce-results-for-topicus-com-inc-for-the-first-quarter-ended-march-31-2026.html, the FY2025 MD&A at https://ceo.ca/api/sedar-document/TOI-2026-02-25-annual-mda-english-bd93.pdf, and the Bank of Italy FX page at

https://www.bancaditalia.it/compiti/operazioni-cambi/cambio/cambi_rif_20260529/?com.dotmarketing.htmlpage.language=1. FMP was used live for quote/profile and statement cross-checks; the official filings control when FMP differs.

3. Key Financial and Quality Metrics

Metric	Value	Source / formula	Read-through
TTM revenue	EUR 1,632.4m	QF: FY2025 + Q1 2026 - recast Q1 2025	Solid scale
TTM operating proxy	EUR 253.1m	QF revenue less expenses before other items	15.5% proxy margin
TTM NOPAT proxy	EUR 187.8m	EUR 253.1m x 74.2%	Normalized operating-tax basis
TTM FCFA2S	EUR 222.4m	QF/data package	Strong shareholder cash conversion, after NCI allocation
Fully diluted shares	129.841819m	QF/data package	Uses full exchange/conversion basis
Current equity value	EUR 5.17b	CAD 8.311b / 1.6074	Currency-normalized market cap
Current enterprise value	EUR 5.39b	EUR market cap + Q1 2026 net debt incl leases	Approximate EV for valuation
EV / TTM NOPAT proxy	28.7x	EUR 5.39b / EUR 187.8m	High starting multiple
EV / TTM operating proxy	21.3x	EUR 5.39b / EUR 253.1m	Still demanding
FCFA2S yield	4.3%	EUR 222.4m / EUR 5.17b	Helpful but not enough for 20%
FY2021-FY2025 revenue CAGR	20.2%	Official EUR 742.5m to EUR 1,552.3m	Strong reported growth, acquisition-heavy
FY2021-FY2025 NOPAT proxy CAGR	19.6%	Operating proxy x 25.8% tax	Good but not clean organic ROIIC
FY2021-FY2025 FCFA2S CAGR	26.0%	EUR 86.8m to EUR 218.7m	Strong cash compounding from a low base
5-year median ROIC approximation	18.0%	Data package ROIC approximations	Good, not exceptional after goodwill/NCI
3-year acquisition-inclusive ROIIC	9.7%	Delta NOPAT / 2023-2025 acquisition plus capex spend	Low for dream-compounder standard
Acquisition-inclusive ROIIC since FY2021	8.2%	Delta NOPAT / FY2022-FY2025 acquisition plus capex spend	Score cap
FCFA2S / NOPAT proxy average	99%	FY2021-FY2025 FCFA2S / NOPAT proxy	Cash conversion is real
Net debt / EBITDA	1.1x	Data package FY2025	Balance sheet manageable
Diluted share count CAGR	Approx. 0% since FY2022	Official diluted shares	No buyback benefit, but no large dilution shown
SBC / revenue	Insufficient evidence	FMP reports zero; official package lacks full SBC detail	Scored conservatively

The ROIC and ROIIC split is central. Reported/simple ROIC is acceptable: the data package shows approximate ROIC of 20.6% in FY2021, 14.4% in FY2022, 18.0% in FY2023, 22.2% in FY2024, and 17.4% in FY2025. But this is not the same as proving high incremental returns on acquisition-inclusive reinvestment. When acquisitions are treated as reinvestment, the last several years look more modest because FY2025 business acquisition cash outflow, Asseco-related investment activity, and rising debt/invested capital absorb a large part of the apparent compounding.

The cleanest positive metric is cash conversion. FCFA2S is not IFRS earnings and cannot be treated as EPS, but it is a useful shareholder-cash-flow measure because it deducts interest, lease payments, capex, and the portion attributable to non-controlling interests. TTM FCFA2S of EUR 222.4m is higher than TTM NOPAT proxy. That supports business quality. It does not rescue valuation because the company intends to reinvest FCFA2S into acquisitions rather than distribute it, and the current equity value already capitalizes a long acquisition runway.

4. Rubric Scorecard

Category	Score	Max	Reason
Incremental returns on capital	14	25	ROIC is good, cash conversion is real, but acquisition-inclusive ROIIC is only high-single-digit to low-double-digit on available evidence

Category	Score	Max	Reason
Reinvestment runway	13	20	European VMS runway and CSI-style playbook are credible; organic growth is mid-single-digit and future growth depends on acquisitions
Durability of moat	10	15	Recurring VMS installed base is real; pricing power, retention, product margins, and 20-year AI resilience are not proven
Accounting and financial quality	7	10	R&D is expensed and FCFA2S supports earnings; Asseco accounting, NCI, and thin KPI disclosure reduce confidence
Capital allocation	6	10	Owner-operator alignment is real; FY2025 deal/investment step-up and limited return disclosure cap the score
Price and 20% underwriting	1	20	Base, bear, and bull cases do not clear 20%; current price needs much higher EPS or multiple support
Total	51	100	Reject under diagnostic rubric

Sub-scores:

Subcategory	Score	Max	Comment
1A Normalized ROIC is high	3	5	Median approximate ROIC is about 18%; below 20%-30% tier
1B ROIIC is high	2	8	Acquisition-inclusive ROIIC is below dream-compounder threshold
1C ROIIC not deteriorating sharply	2	3	No collapse, but FY2025 capital deployment is unseasoned
1D Unit economics support returns	2	3	Recurring VMS economics support returns; no product margins
1E Cash conversion is real	3	3	FCFA2S and CFO are strong
1F ROIC not accounting artifact	2	3	Good but complicated by goodwill, NCI, Asseco, and one-segment disclosure
2A Large remaining market opportunity	4	5	Europe VMS opportunity is large but not quantified by management TAM
2B Proven ability to reinvest at scale	3	5	History is credible; FY2025 step-up needs to earn through
2C Organic growth opportunity	1	4	FY2025 and Q1 2026 organic growth are only 4%-5%
2D Repeatable expansion playbook	3	3	CSI/TSS playbook is coherent
2E Market structure supports long growth	2	2	Fragmented VMS categories support M&A
2F Growth does not require ROIC collapse	0	1	Not proven after the FY2025 acquisition-heavy year
3A Clear source of advantage	3	4	Switching costs, vertical workflow fit, and regulatory trust
3B Pricing power	1	3	Mid-single-digit organic growth is not clear real pricing power
3C Competitive evidence	2	3	Low customer concentration and recurring mix help
3D Customer stickiness	2	2	VMS systems are operationally sticky
3E Stress resilience	1	2	Margin stable but limited public-cycle evidence
3F Low disruption risk	1	1	AI risk is manageable but must be monitored
4A Clean revenue / earnings quality	1	2	Revenue is clean enough; Asseco distorts earnings
4B Cash flow supports earnings	2	2	Strong pass

Subcategory	Score	Max	Comment
4C Conservative SBC / dilution	1	2	No large dilution found; SBC disclosure not sufficient
4D Balance sheet strength	2	2	Leverage manageable
4E Transparent disclosures	0	1	Operating KPI disclosure is thin
4F No governance/accounting red flags	1	1	No fraud/restatement evidence, but governance issues are scored in capital allocation
5A Reinvestment priority rational	2	2	Reinvestment model is coherent
5B Acquisition discipline	1	2	Evidence positive but not enough post-FY2025
5C Buyback discipline	0	2	No buyback program and no cash-return support at current price
5D Incentives align	2	2	ROIC-aware bonus and equity purchase requirements are strong
5E Owner mentality	1	1	Founder/Joday stake is material
5F Evidence from past decisions	0	1	Asseco and FY2025 capital deployment still need proof
6A Base-case IRR >= 20%	0	6	Base IRR is negative under a conservative non-expansion exit
6B Conservative exit multiple	0	4	Lower exit multiples do not clear the hurdle
6C Bear case acceptable	0	3	Bear case is not acceptable at current price
6D Reverse DCF beatable	0	3	Required value creation is too high versus disclosed economics
6E Multiple not pricing perfection	0	2	Current EV/NOPAT already assumes a lot
6F Cash returns help	1	2	FCFA2S is strong, but reinvested rather than distributed

5. ROIIC and Reinvestment Analysis

The evidence supports good returns on capital, not a proven high-ROIIC machine at the fully acquisition-inclusive level required by this scorer. Topicus' official statements show a capital-light software model before acquisitions: capex is less than 1% of revenue, R&D is expensed, and FCFA2S is strong. That is the positive side. The stricter side is that the company compounds through acquisitions, so acquisition spend is reinvestment, not a footnote.

Using the data package operating-income proxy and a 25.8% tax rate, NOPAT proxy rose from roughly EUR 84.6m in FY2021 to EUR 173.3m in FY2025. Over FY2022-FY2025, acquisition cash outflows plus capex were roughly EUR 1.08b. The resulting acquisition-inclusive ROIIC is only about 8%. Over FY2023-FY2025, the same calculation is about 10%. These calculations are rough because Asseco, NCI, Sygnity, deal timing, deferred consideration, and acquisition accounting all matter. But rough does not mean useless: the numbers argue against awarding dream-compounder ROIIC points today.

Organic ROIIC is not calculable from public sources. The company discloses organic revenue growth, but not same-business operating income, same-business reinvestment, acquired cohort returns, product margins, or retention. The right conservative treatment is therefore to give Topicus credit for a credible acquisition model and cash conversion, while refusing to score it as a 35%+ ROIIC company.

6. Runway Analysis

The runway is real but acquisition-dependent. Topicus owns and acquires vertical-market software businesses across European niches such as public sector, education, healthcare, finance, legal, facility management, manufacturing, and other regulated or workflow-heavy categories. The moat appendix correctly frames the recurring revenue line as the economic center: Maintenance and other recurring revenue was EUR 1,156.6m on a TTM basis and about 71% of FY2025 revenue. That is a large base of mission-critical software and support.

The weakness is that reported growth is not primarily a clean organic product adoption story. FY2025 revenue grew 20%, but organic growth was 4%. Q1 2026 grew 23%, but organic growth was 5%. The synthesis base case assumes 9.3% revenue

CAGR to 2031, which requires acquisitions, price, acquired-business maturation, or mix improvement above the current same-business organic run rate. This is plausible under the CSI/TSS model, but it is not a free lunch. It requires continued deal supply, disciplined purchase prices, decentralized operating execution, and no material deterioration in acquired-business quality.

This score therefore gives Topicus a good runway score but not a great one. A higher score would require evidence that organic recurring revenue can sustain growth above mid-single digits, or that acquired cohorts produce disclosed post-deal FCFA2S returns that remain high despite scale.

7. Moat Analysis

Topicus' moat is real today. The strongest components are switching costs, local vertical workflow expertise, regulatory localization, high-trust procurement, low customer concentration, and the Constellation-linked acquisition system. Customers using public-sector, healthcare, education, finance, legal, or other domain-specific workflow systems usually cannot rip and replace software casually. The cost of migration is not just the license price; it includes data, integrations, compliance history, user training, local support, and operational risk.

The moat is not fully proven at a 20-year standard. Product-level retention, ARR, NRR, churn, customer counts, cohort expansion, price realization, and product margins are not disclosed. Pricing power is plausible but not directly observable. Mid-single-digit organic growth may include price, volume, mix, and acquired-business maturation; it is not a clean proof of real pricing. AI risk is also not zero. Professional services are exposed to AI-assisted coding, configuration, documentation, testing, and migration tools. The maintenance base is more protected where it is deeply embedded in regulated systems of record, but thinner workflow products can face faster competition as development costs fall.

The moat score aligns with the ER2 moat gate: YELLOW, not FAIL and not PASS. The company has enough durable advantage to merit monitoring, but not enough disclosure or organic proof to underwrite a dream compounder at any price.

8. Accounting and Capital Allocation Analysis

Accounting quality is mixed in the precise way that matters for this score. The positives are material: R&D is expensed rather than capitalized, no material development-expenditure capitalization was flagged in the data package, capex is low, CFO is strong, and FCFA2S is disclosed with an explicit NCI deduction. Those are high-quality signs for a software acquirer.

The negatives are also material. FY2025 net income was distorted by Asseco-related accounting, including a large revaluation expense and equity-method effects. This does not mean the economics are bad, but it reduces the usefulness of reported EPS and makes normalized earnings necessary. NCI and Topicus Coop mechanics also require care: consolidated results are not the same as public-shareholder economics, and the fully exchanged diluted share count must be used. The score does not penalize Topicus for having NCI mechanically; it penalizes the lower transparency and higher burden of proof.

Capital allocation is coherent but not yet proved at the latest scale. Topicus intends to invest FCFA2S into acquisitions meeting hurdle rates. That is rational if returns stay high. The company has grown recurring revenue and FCFA2S since FY2021, and management incentives include ROIC-aware bonus features and mandatory equity purchase requirements. But FY2025 acquisition spend and Asseco investment activity materially increased the capital base and complexity. The right current view is "credible, not yet fully earned through."

Governance caps the score. CSI's voting control, board nomination rights, shared CFO economics, related-party transactions, Topicus Coop exchangeable units, and limited public Q&A history do not make the company uninvestable. They do require trust in the controller and founder group. A diagnostic compounder score should not treat that trust requirement as free.

9. 20% Return Underwriting

The 20% case does not work. The current CAD price converts to EUR 62.04. The current EUR market capitalization is about EUR 5.17b and approximate EV is about EUR 5.39b after adding Q1 2026 net debt including leases. TTM NOPAT proxy is roughly EUR 187.8m, so the stock trades near 28.7x TTM NOPAT proxy.

The synthesis model produces the following 2031 outcomes:

Case	2031 revenue	2031 OI	2031 EPS	P/E 15 value	P/E 15 cushion
Bear	EUR 2.125b	EUR 270.3m	EUR 1.40	EUR 21.03	-66.1%
Base	EUR 2.553b	EUR 364.0m	EUR 1.97	EUR 29.49	-52.5%
Bull	EUR 2.882b	EUR 452.5m	EUR 2.50	EUR 37.50	-39.6%

For a 20% annualized return over five years, today's EUR 62.04 share price would need to become about EUR 154.4 before dividends. There is no disclosed dividend or buyback path that bridges the gap. In a base case using 2031 NOPAT of about EUR 270m and a 20x EV/NOPAT exit multiple, ending equity value is roughly EUR 40 per share, which implies a negative annualized return from EUR 62.04. A 20x exit is already generous relative to the ER2 P/E 15 discipline and still fails. The max buy price for a 20% IRR under that base case is about EUR 16.05 per share, or about CAD 25.80 at the stated FX rate.

The reverse DCF is not beatable on conservative assumptions. Holding today's 28.7x EV/NOPAT multiple flat would require ending EV of roughly EUR 13.4b for a 20% return, which implies 2031 NOPAT of about EUR 467m. That requires NOPAT to compound at about 20% from the current TTM proxy, while also preserving the current high multiple. If the exit multiple compresses to 20x, required 2031 NOPAT is roughly EUR 670m, more than double the synthesis bull NOPAT. This is not a small assumption gap.

10. Hard Veto Checklist

Veto item	Status	Evidence
ROIIC below cost of capital with no path	Watch	Acquisition-inclusive ROIIC looks low, but path exists through better deal returns and FCFA2S growth
Reported ROIC is an accounting artifact	Watch	ROIC is real enough, but goodwill, NCI, and Asseco complicate it
Growth requires persistent external financing	Watch	Balance sheet is manageable, but acquisition-led growth needs capital
Share count rises materially without per-share value	Pass	Fully diluted share count has been stable since FY2022
Large acquisitions without disclosed returns	Watch	FY2025 capital deployment is large and return disclosure is limited
FCF consistently lags earnings structurally	Pass	Cash conversion is a strength
Concentration, regulation, platform dependency, cyclicality, leverage impairment	Watch	No customer over 5%, but regulated markets and leverage/acquisition risk remain
20% return case requires terminal multiple expansion	Fail	The case fails even before requiring expansion; current multiple must stay high or rise
Needs flawless execution to justify today's price	Fail	Current price requires far more EPS than the base case supports
Moat cannot be explained	Pass	Switching costs in vertical-market software are understandable
Accounting/governance issues impair trust	Watch	Control, NCI, related parties, Asseco, and disclosure limits raise the burden
Balance sheet could wipe out equity holders	Pass	Net debt / EBITDA is not acute

Hard veto conclusion: valuation fails the diagnostic screen. Operational hard vetoes are mostly Watch rather than Fail, but the 20% underwriting fail is decisive for score classification.

11. Final Decision

Score-implied classification: Reject. The classification is driven by total score below 70 and by the failure of the 20% return underwrite. Topicus may deserve a place on a watchlist for quality monitoring, but the strict scoring rubric does not classify it as "Buy only at lower price" because the business quality score is below the 65/80 threshold and the valuation score is almost zero.

Compounder Score note: 51/100 - real VMS quality and cash conversion, but acquisition-inclusive ROIIC, minority-holder complexity, thin KPI disclosure, and valuation cap the score.

Business Quality Score note: 50/80 - good recurring software platform and management culture, but Management YELLOW, Moat/2046 YELLOW, modest organic growth, and unseasoned FY2025 capital deployment prevent a high-confidence compounder score.

20% Return UW Score note: 1/20 - current EUR 62.04 price does not underwrite a 20% return; the base case is far below the P/E 15 hurdle and needs a much lower entry price or unsupported terminal economics.

Upgrade evidence would include sustained recurring organic growth above mid-single digits, disclosed acquired-cohort returns, stable or rising FCFA2S per fully diluted share after the FY2025 capital deployment, clearer Asseco economics, cleaner minority-holder disclosure, and a materially lower share price. Downgrade evidence would include declining recurring organic growth, rising acquisition multiples, leverage increasing without FCFA2S growth, related-party leakage, or AI-driven service margin compression without recurring revenue conversion.

12. Machine-Readable JSON

The separate machine-readable file is `C:\Users\Admin\OneDrive\GPT\ER 2.0\Topicus.com Inc\compounder_score.json`.

Appendix CSA - Scoring Audit

Topicus.com Inc. - Scoring Audit

Date: 2026-05-30. Ticker: TOI.V. Currency: EUR statements / CAD trading price. Current price supplied by the run: CAD 99.73, converted at 1 EUR = 1.6074 CAD to EUR 62.04. This audit reviewed `appendix_compounder_score.md`, `compounder_score.json`, `quant_foundation.md`, `data_package.md`, the four revenue-type appendices, `appendix_management.md`, `appendix_moat.md`, and `appendix_synthesis.md`. Live primary checks were limited to the Q1 2026 Topicus release, the FY2025 MD&A, and the 2026-05-29 Bank of Italy/ECB CAD reference rate. No local cache fallback was used for live verification.

1. Original vs Audited Scores

Item	Original	Audited	Notes
Business Quality Score / 80	50	44	Reduced for acquisition-heavy growth, unseasoned FY2025/Asseco capital deployment, missing organic/acquired-cohort ROIIC, thin KPI disclosure, and minority-holder complexity.
Valuation / 20% Return UW Score / 20	1	1	Preserved at near-zero. Base, bear, and bull IRRs all fail; the stock needs much higher EPS or a much lower price.
Total Score / 100	51	45	Reject remains the score-implied result. The audit makes the quality score more conservative rather than changing the valuation conclusion.
Classification	Reject	Reject	Thresholds fail on total score, business quality, valuation score, base IRR, bear IRR, and no-multiple-expansion discipline.

Original reconstructed score: Business Quality 50/80, 20% Return Underwriting 1/20, Total 51/100, classification Reject. Original IRRs were base -8.4%, bear -19.1%, and bull -2.3%. The original maximum buy price for a 20% IRR was EUR 16.05 per share.

Audited score: Business Quality 44/80, 20% Return Underwriting 1/20, Total 45/100, classification Reject. Final 20% hurdle result: FAIL.

2. Score Reductions and Reasons

This score is reduced because Category 2 runway gives too much credit to reported growth before proving acquisition returns. FY2025 revenue growth was 20% while organic growth was 4%, and Q1 2026 revenue growth was 23% while organic growth was 5%. Reported growth is real, but the same-business engine is modest. The audit reduces reinvestment runway from 13/20 to 11/20.

This score is reduced because the moat is real today but still under-evidenced for a high compounder score. Recurring revenue is large, switching costs are credible, and customer concentration is low. But ARR, NRR, churn, retention, customer counts, product-level margins, and acquired-cohort durability are not disclosed. The moat/2046 gate is YELLOW, so durability of moat is reduced from 10/15 to 9/15.

This score is reduced because accounting and shareholder economics are harder than the original point total implies. FCFA2S is a useful check and R&D is expensed, but Asseco accounting, NCI, exchangeable units, related-party channels, and missing SBC detail lower confidence. Accounting and financial quality is reduced from 7/10 to 6/10.

This score is reduced because capital allocation is credible but not yet proved at the latest scale. The FY2025 acquisition cash outflow and Asseco investment step-up are material, while acquisition-inclusive ROIIC is only high-single-digit to low-double-digit on the available calculation. Capital allocation is reduced from 6/10 to 5/10.

Incremental returns on capital are reduced from 14/25 to 13/25. The original correctly calculated acquisition-inclusive ROIIC, so 1B is not zeroed. But organic ROIIC, same-business operating income, and acquired-cohort FCFA2S returns remain undisclosed, so the category should not receive broad "dream compounder" credit.

3. Unsupported Claims

The evidence does not support treating Topicus as a high-organic-growth software compounder. The recurring revenue line has grown quickly, but consolidated organic growth is only mid-single-digit and the company does not disclose recurring organic growth separately.

The evidence does not support a high-confidence 2046 PASS. A durable 2046 business is plausible, but it depends on AI modernization, continued acquisition discipline, and clean minority-holder economics through a control/NCI structure that remains complex.

The evidence does not support a precise product-margin thesis. Every revenue-type appendix properly flags the same limitation: Topicus reports one IFRS segment and does not disclose product-level operating margin.

The evidence does not support assuming Asseco income or fair-value effects as recurring software earnings. The synthesis correctly excludes Asseco gains from normalized EPS, and the audit preserves that treatment.

4. Calculation Errors

No fatal arithmetic error was found in the original scorer. The main issue is scoring judgment, not broken math.

Spot checks passed: CAD 99.73 divided by 1.6074 equals EUR 62.04; EUR 62.04 divided by 15 requires EUR 4.14 of EPS; base EUR 1.97 EPS times 15 equals EUR 29.49; base cushion is -52.5%; TTM EV / NOPAT proxy of about EUR 5.39b / EUR 187.8m equals about 28.7x. The synthesis share count uses the fully diluted/exchanged 129.841819m share base.

ROIIC is calculated, but not with enough granularity. Acquisition-inclusive ROIIC is estimated at 9.7% over three years and 8.2% since FY2021. Organic ROIIC and acquired-cohort ROIIC are missing because Topicus does not disclose same-business operating income, acquired cohort margins, or post-deal FCFA2S returns. This is a confidence cap, not an arithmetic veto.

5. Missing Data

The most important missing evidence is acquired-cohort return data: purchase price, acquired revenue by type, post-acquisition margin, FCFA2S contribution, retention, and realized return by vintage.

Other important gaps are ARR, NRR, churn, gross retention, customer count, ARPU, ACV, product-level margins, organic recurring revenue growth, services utilization, License margin, hardware/other margin, and a clean SBC bridge.

There is also no accessible earnings-call Q&A set in the ER2 package. This matters because management has not been stress-tested in public on Asseco, acquisition returns, AI, related parties, or minority-holder economics.

6. Hard-Veto and Threshold Test Audit

Total score >= 80: FAIL. Audited score is 45/100.

Business Quality >= 65/80: FAIL. Audited score is 44/80.

Valuation score >= 15/20: FAIL. Audited score is 1/20.

ROIIC plus runway >= 35/45: FAIL. Audited incremental returns plus runway is 24/45.

Base-case IRR >= 20%: FAIL. Original base IRR is -8.4%.

Bear-case IRR >= 8% to 10%: FAIL. Original bear IRR is -19.1%.

No hard vetoes: FAIL. The 20% return case fails, and the price requires far more earnings power than the reviewed model supports.

Does not require multiple expansion: FAIL. The original scorer notes the base case fails even with a 20x EV/NOPAT exit, and holding today's richer multiple would still require roughly 20% NOPAT CAGR plus no de-rating.

7. Final 20% Hurdle Pass/Fail

Final 20% hurdle: FAIL. The 20% case requires either a much lower entry price, much higher normalized EPS, materially higher margins, faster acquisition-led growth at attractive returns, or sustained premium exit economics. None is supported strongly enough by the reviewed evidence.

The current price of EUR 62.04 needs EUR 4.14 of horizon EPS under the P/E 15 gate. The synthesis base case produces EUR 1.97, the bull case produces EUR 2.50, and the probability-weighted EPS is EUR 1.96. The gap is too large to repair with rounding, tax, FX, or one year of timing.

8. Dream Business / Dream Investment Classification

Classification: neither. Topicus may be a good business and a credible watchlist compounder, but the audited score does not classify it as a dream business because Management is YELLOW, Moat/2046 is YELLOW, organic growth is modest, and acquisition-inclusive ROIIC is not high enough on proven data. It is not a dream investment because valuation fails decisively.

The single biggest reason Topicus does not qualify is that the business depends on acquisition-led compounding while the current share price already discounts far more five-year EPS than the conservative, fully diluted model can defend.

9. Stage 7 Scorecard Notes

Compounder Score note: 45/100 - credible VMS quality, recurring revenue, and FCFA2S, but the audited score is capped by acquisition-heavy growth, low disclosed acquisition-inclusive ROIIC, NCI/control complexity, Asseco accounting, missing KPIs, and valuation.

Business Quality Score note: 44/80 - good business evidence is present, but not enough for a high-confidence compounder score because organic/acquired-cohort returns, product margins, retention, and minority-holder economics are under-disclosed.

20% Return UW Score note: 1/20 - the current EUR 62.04 equivalent price does not underwrite a 20% return; base, bear, and bull cases fail and the base P/E 15 cushion is -52.5%.

10. Auditor JSON


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    "business_quality_score": "44/80 - good business evidence is present, but not enough for a high-confidence compound
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Appendix RT - Red Team

Topicus.com Inc. - Red Team

Date: 2026-05-30. Ticker: TOI.V. Currency: EUR for financials, CAD for the trading price. This appendix uses the ER2 red-team protocol and attacks the existing synthesis rather than rebuilding the model. Live-source checks used: Topicus Q1 2026 release on GlobeNewswire, Topicus FY2025 MD&A on SEDAR/CEO.ca, ECB CAD reference rate, YCharts delayed TOI.V quote screen, and Constellation Software Q1 2026 release as the nearest public serial-acquirer peer check. No local cache source fallback was used for external facts.

1. The Most Fragile Assumption

The most fragile assumption is the base-case Maintenance and other recurring revenue CAGR of 10.5% from the TTM revenue base of EUR 1,156.6m to EUR 1,905.4m by 2031-03-31. This is the largest line in the Stage 5 model and the line with the highest moat credit. It is also the line where the synthesis makes the biggest implicit capital-allocation bet while sounding like it is only underwriting a sticky installed base.

The issue is not that recurring revenue cannot grow. It clearly has grown. The issue is that the disclosed same-business engine is only mid-single-digit at the consolidated level. The data package records FY2025 total revenue growth of 20% with organic growth of 4%, and Q1 2026 total growth of 23% with organic growth of 5%. The live Q1 2026 release confirms the same pattern: revenue rose to EUR 435.7m with 5% organic growth, while FCFA2S rose only 2% to EUR 165.4m. That is the wrong fact pattern for giving a five-year model quiet comfort that acquisition-enabled reported recurring growth can keep compounding without a per-share return haircut.

The base case therefore does not merely assume retention, switching costs, or VMS pricing. It assumes Topicus can keep adding recurring revenue through acquisitions at an attractive enough return that the acquired revenue both stays recurring and avoids margin dilution. That may be true, but the public disclosure does not let us test it by vintage, cohort, acquired ARR, acquired FCFA2S, post-deal margin, churn, or retention. A model that says "recurring revenue grows 10.5%" is really saying "Topicus keeps buying well and the acquired books prove durable." The second sentence is the one that needs proof.

If this assumption is wrong by 200 bps, the synthesis sensitivity already says base EPS falls from EUR 1.97 to EUR 1.81. That looks modest, but it understates the red-team concern because it changes only the recurring CAGR and leaves the rest of the capital-allocation machine intact. The real bear case is not a neat 200 bps line-item miss. It is a linked failure: recurring growth slows because acquired contribution falls, acquired returns are lower than hoped, FCFA2S per fully diluted share does not accelerate, and the market stops giving Topicus credit for future redeployment. Under that linked failure, the EPS miss is joined by multiple compression.

2. The Most Likely Overoptimistic Stage 5 Number

The Stage 5 number most likely to be revised down is not the EUR 2.553b base-case revenue output by itself. It is the EUR 364.0m base-case operating income proxy, because it assumes Topicus can scale from EUR 1.632b of TTM revenue to EUR 2.553b while keeping a 14.3% consolidated operating proxy margin. The synthesis presents this as conservative because it sits below the current operating proxy. I disagree with that framing. A margin below the current proxy is not necessarily conservative if the growth path that gets there is increasingly acquisition-funded, service-heavy, AI-exposed, and under-disclosed.

The professional-services appendix is the warning sign. Services are EUR 387.8m on a TTM basis, have a base-case 7.0% CAGR, and use a 9.0% contribution margin. That may be reasonable in isolation, but services are where AI and customer budget pressure can show up first. AI-assisted configuration, documentation, migration scripts, support triage, and low-code tooling may reduce billable labor hours. This can help Topicus if productivity is captured internally; it hurts if customers or third-party integrators capture the saving. The synthesis does not have a disclosed utilization, bill-rate, backlog, or services gross-margin bridge to decide who captures it.

Hardware and other is too small to drive the thesis, but it is a quality signal. FY2025 hardware/other growth looked explosive from a small base, yet the appendix correctly refuses to extrapolate it and assigns only a 3.0% base contribution margin. If acquisition mix keeps adding low-margin, project-timed, pass-through revenue, the revenue CAGR can look fine while operating income and FCFA2S lag. That is exactly the shape of a serial-acquirer mistake: revenue validates the story for a few years, then per-share cash economics disappoint.

3. Strongest Bear Case

The short-seller version is simple: Topicus is being valued as a clean Constellation-style European VMS compounder, but the public shareholder owns a complex, controlled, partly non-controlling-interest vehicle whose reported growth is mostly acquisition contribution, whose organic growth is only 4-5%, whose acquired-cohort returns are not disclosed, and whose current valuation already requires more than double the base-case normalized operating income. The business is not broken; the underwriting burden is broken.

Mechanism: acquisition returns and AI/service economics disappoint at the same time. Recurring revenue remains sticky enough to prevent collapse, but acquired recurring books come with more support burden, more modernization spend, and less price power than the market assumes. Professional services lose billable hours to AI-assisted tooling, customer self-service, and partners, while Topicus still has to fund R&D, cybersecurity, cloud migration, and local compliance to protect the installed base. The result shows up within 6-8 quarters as total revenue growth stays superficially healthy but organic growth stays at or below 5%, FCFA2S growth per fully diluted share lags revenue growth, and operating proxy margin fails to move above the mid-teens despite larger scale.

The observable anchor is recurring organic growth and FCFA2S conversion. If total growth remains acquisition-heavy while FCFA2S grows only low single digits, the thesis should be rewritten around "good roll-up, uncertain per-share reinvestment returns," not "dream compounder temporarily mispriced."

4. Cross-Examination Of Management Commentary

Management's "invest all of our FCFA2S" statement is not a free pass. The live Q1 release defines FCFA2S as cash flow after specified financing, lease, capex, and NCI deductions, and explicitly says the objective is to invest all FCFA2S in acquisitions meeting the hurdle rate. The skeptical interpretation is that shareholders do not get an external cash-return governor. If acquisition opportunities weaken, management is still culturally and strategically pointed toward reinvestment. There is no buyback offset in the synthesis, and no dividend discipline. The first sign this is wrong would be FCFA2S per fully diluted share failing to compound while acquisition spending continues.

Management's "organic growth of 4%" and "organic growth of 5%" disclosures are admirably candid, but they are also the central indictment of any growth model that leans too hard on reported revenue. Those figures mean reported growth in FY2025 and Q1 2026 was primarily acquisition-driven. A bull can say this proves the acquisition machine works. The red-team response is that it also hides the same-business return test. The model cannot observe acquired-cohort revenue retention, acquired-cohort margin, or acquired-cohort FCFA2S. If the commentary is too optimistic, the first visible crack will be organic growth falling below inflation while total growth is preserved through acquisitions.

Management's "may complete several acquisitions" line should be treated as a risk sentence as much as an opportunity sentence. The FY2025 MD&A shows cash used in investing activities was EUR 670.0m, including the Asseco equity investment and acquisitions/payments for holdbacks, while debt rose sharply year over year. A larger platform needs more capital deployed just to move the needle. The likely error is assuming the old small-company acquisition returns survive at the new scale. If they do not, the early evidence will be rising debt or deferred/contingent consideration without a later step-up in FCFA2S per share.

5. Stage 5 Tie-Out Reverification

The Stage 5 anchor is arithmetically coherent: FY2025 plus Q1 2026 less the recast Q1 2025 comparative gives the TTM period ending 2026-03-31, and the five-year horizon is 2031-03-31. The red-team problem is not the anchor math. It is that the latest quarter is already giving a low-quality signal: Q1 revenue grew 23%, but CFO grew 3% and FCFA2S grew 2%. The release also shows Q1 net income and diluted EPS declined year over year. Q1 has cash seasonality, so it should not be annualized blindly, but the mismatch between revenue growth and shareholder cash-flow growth is exactly what an acquisition-quality skeptic would watch.

The share count path is realistic in the narrow sense because no buybacks are modeled. That conservatism is good. But the red team would add a different share-count risk: the fully diluted share base is already the right denominator because Topicus Coop exchangeables can become subordinate voting shares one-for-one. The FY2025 MD&A states that there would be 129,841,819 subordinate voting shares on a fully diluted basis after conversion/exchange. Using anything less would flatter EPS. The synthesis avoids that error. Future acquisition equity, SBC, or structure-related dilution remains a data gap, not an upside source.

The product CAGRs do not visibly violate peer deceleration patterns because the model deliberately keeps them below recent reported growth. But the peer comparison still hurts the thesis. Constellation Software's Q1 2026 release showed 20% revenue growth, 6% organic growth, and 44% FCFA2S growth. Topicus showed faster reported revenue growth but only 5% organic growth and 2% FCFA2S growth. The parent/peer ecosystem is not proof Topicus has the same current cash-flow quality. If anything, the latest peer data makes Topicus' Q1 cash-flow lag more conspicuous.

6. Score-Derived 20% Return Claim

There is no credible score-derived 20% return claim to defend. The audited score is 45/100 Reject, the 20% Return UW score is 1/20, and the final 20% hurdle fails. The red team agrees.

The most likely way investors fool themselves anyway is by switching from the failed P/E 15 test to a softer FCFA2S multiple story. TTM FCFA2S is EUR 222.4m. That is useful and much better than reported IFRS EPS, which is distorted by Asseco and acquisition accounting. But FCFA2S is not automatically distributable to the public shareholder at a high return. It is after an NCI deduction, it is intended for acquisitions rather than dividends or buybacks, and it must be judged by the return on the next deals. A premium FCFA2S multiple only works if reinvested FCFA2S compounds per-share value at high incremental returns. The audited score says acquired-cohort returns are missing and acquisition-inclusive ROIIC is only partly supported. That is enough to reject the 20% return case.

Valuation is still the hard stop. The synthesis uses CAD 99.73 and the 2026-05-29 ECB CAD reference rate of 1 EUR = 1.6074 CAD to get EUR 62.04 per share. The latest delayed YCharts screen I checked showed TOI.V at CAD 98.75 on May 28, 2026. That small price difference does not matter. At roughly EUR 61-62 per share, the P/E 15 gate needs about EUR 4.1 of horizon EPS. The base case produces EUR 1.97 and the bull case EUR 2.50. The required earnings power is not missing by a little. It is missing by roughly a double.

7. The Signal That Forces An Exit

Exit signal: downgrade to sell or hard PASS if, over the next four reported quarters, Topicus reports (1) consolidated organic revenue growth below 3% in at least two quarters or below 4% for the full TTM period, and (2) TTM FCFA2S per fully diluted share growth below 5% while acquisition spending plus deferred/contingent consideration remains material.

Why this threshold: organic growth below 3-4% means the same-business VMS base is barely clearing inflation and no longer supports a YELLOW moat upgrade. FCFA2S per share below 5% means acquisition activity is not translating into shareholder-level cash compounding. The combination invalidates the core thesis because Topicus would then be relying on capital deployment volume rather than proven per-share value creation. A single weak quarter can be seasonality. Four quarters removes most of that excuse.

A secondary exit signal is recurring revenue growth below 7% while Professional Services growth is flat or negative for two consecutive quarters. That pattern would suggest the recurring base is no longer receiving enough acquisition, pricing, or expansion contribution, while AI/customer budget pressure is hitting implementation work. If that happens with stable reported total revenue, the acquisition mix is likely getting lower quality.

8. Conviction At The End Of Red Team

Thesis does not survive as a BUY candidate. The business survives the red team as a real, recurring-heavy European VMS platform with credible switching costs and a serious Constellation-linked operating culture. The stock does not survive. The synthesis should be written around valuation rejection and acquisition-return opacity, not around a close call between quality and price.

Management YELLOW is the right gate, but the red team would make the yellow darker. Operational culture and incentives are positives, yet the shared CFO economics, super-voting control, Coop exchangeables, related-party channels, lack of accessible Q&A transcripts, and Asseco complexity force minority shareholders to trust a lot that they cannot verify. Moat/2046 YELLOW is also right, but the red team rejects any upgrade until Topicus discloses enough KPI evidence to separate durable same-business recurring quality from acquired revenue volume.

The strongest bear argument is that Topicus can remain a good company while being a poor stock because today's price already capitalizes a long acquisition runway, high reinvestment quality, and durable recurring economics that the public disclosures do not prove. The current ER2 result should be PASS, with a watchlist only if price falls enough or evidence improves enough to turn FCFA2S reinvestment from a story into a measured per-share return record.

Live Sources Used

Source	Use
Topicus Q1 2026 release, GlobeNewswire, 2026-05-05: https://www.globenewswire.com/news-release/2026/05/05/3288363/0/en/constellation-software-inc-and-topicus-com-inc-announce-results-for-topicus-com-inc-for-the-first-quarter-ended-march-31-2026.html	Q1 revenue, organic growth, CFO, FCFA2S, FCFA2S definition and capital-allocation objective
Topicus FY2025 MD&A, SEDAR/CEO.ca: https://ceo.ca/api/sedar-document/TOI-2026-02-25-annual-mda-english-bd93.pdf	FY2025 investing activity, debt, NCI/exchangeable units, fully diluted share count, acquisition and related-party context
ECB euro reference rates: https://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates/html/index.en.html	EUR/CAD valuation bridge cross-check
YCharts TOI.V quote page: https://ycharts.com/companies/TOI.V	Delayed market-price cross-check
Constellation Software Q1 2026 release: https://www.globenewswire.com/news-release/2026/05/12/3293525/0/en/Constellation-Software-Inc-Announces-Results-for-the-First-Quarter-Ended-March-31-2026-and-Declares-Quarterly-Dividend.html	Peer/parent organic growth and FCFA2S comparison

Appendix D - Data Package (raw historicals)

Topicus.com Inc. - Data Package

Date: 2026-05-30. Ticker: TOI.V. Reporting currency: EUR. Trading price and FMP quote/profile market-cap fields are CAD. Fiscal year ends December 31. Gate anchor: QFR returned `CLEARED FOR WAVE 1`. This file uses live pulls performed in this D-agent run, with `quant_foundation.md` and `quant_foundation_review.md` as verified anchors. Raw and normalized support files for this run are under `C:\Users\Admin\OneDrive\GPT\ER 2.0\Topicus.com Inc\raw\data_package_2026-05-30`. New FMP raw and normalized datasets were archived without overwriting under `C:\Users\Admin\OneDrive\Cowork\Investing\data warehouse\FMP\TOI.V\2026-05-30_ER2_D_data_package`.

0a. Industry Classification And Disclosure Inventory

Topicus.com Inc. is a vertical-market software acquirer and operator, primarily in Europe, reporting under IFRS in EUR. The company is Canadian-listed on TSXV as TOI.V. Official Topicus/SEDAR and company-release sources control this data package because FMP product segmentation is empty and some FMP statement periods are stale or mismatched. The issuer discloses one IFRS 8 reportable segment. The finest recurring official operating history is not product ARR or business-unit economics; it is revenue by type: License, Professional services, Hardware and other, and Maintenance and other recurring. Topicus also discloses FCFA2S, acquisition consideration, debt/cash, NCI component tables, geography, R&D expensed, customer concentration, related-party/control structure, and Asseco/investment-accounting effects.

Source inventory, all fetched live in this run:

Source family	Live URL or endpoint	Local file	Status
FMP income annual and quarter	stable income-statement symbol TOI.V	fmp_income_statement_annual_TOI.V.json and fmp_income_statement_quarter_TOI.V.json	Pulled live
FMP balance sheet annual and quarter	stable balance-sheet-statement symbol TOI.V	fmp_balance_sheet_annual_TOI.V.json and fmp_balance_sheet_quarter_TOI.V.json	Pulled live
FMP cash flow annual and quarter	stable cash-flow-statement symbol TOI.V	fmp_cash_flow_annual_TOI.V.json and fmp_cash_flow_quarter_TOI.V.json	Pulled live
FMP product segmentation annual and quarter	stable revenue-product-segmentation symbol TOI.V	fmp_revenue_product_segmentation_annual_TOI.V.json and fmp_revenue_product_segmentation_quarter_TOI.V.json	Empty arrays
FMP transcripts	stable earning-call-transcript symbol TOI.V years 2025 and 2026 Q1	fmp_transcript_2025_Q1_TOI.V.json through fmp_transcript_2026_Q1_TOI.V.json	Empty arrays
FMP quote/profile	stable quote and profile symbol TOI.V	fmp_quote_TOI.V.json and fmp_profile_TOI.V.json	Pulled live, CAD market data
FY2025 statements	https://newsfile.futunn.com/public/NN-PersistNoticeAttachment/7781/20260226/SEDAR_PLUS/CSA_SEDAR_PLUS_NOTICE_RECORD_ID_2328339.pdf	official_fy2025_financial_statements.pdf and txt	Controlling annual accounting source
FY2025 MD&A	https://ceo.ca/api/sedar-document/TOI-2026-02-25-annual-mda-english-bd93.pdf	official_fy2025_mda.pdf and txt	Controlling MD&A and FCFA2S source
FY2024 statements and MD&A	https://cdn.topicusplatform.nl/__/topicuscom/q4-2024/topicuscom-fs-q424-final.pdf and https://cdn.topicusplatform.nl/__/topicuscom/q4-2024/topicus-mda-q424-final.pdf	official_fy2024 files	Backfill source
FY2023 statements and MD&A	https://cdn.topicusplatform.nl/__/topicuscom/q4-2023/topicuscom-fs-q423-final.pdf and https://cdn.topicusplatform.nl/__/topicuscom/q4-2023/topicus-mda-q423-final.pdf	official_fy2023 files	Backfill source

Source family	Live URL or endpoint	Local file	Status
FY2022 statements and MD&A	https://topicus-platform.s3.eu-central-1.amazonaws.com/__/topicuscom/topicuscomfs-q42022.pdf and https://topicus-platform.s3.eu-central-1.amazonaws.com/__/topicuscom/topicus-mda-q4-2022.pdf	official_fy2022 files	Backfill source
FY2021 statements	https://cdn.topicusplatform.nl/__/topicuscom/statutory-filings/2021/q4-topicuscom-fs.pdf	official_fy2021_financial_statements.pdf and txt	Backfill source
Q1 2026 statements and release	https://newsfile.moomoo.com/public/NN-PersistNoticeAttachment/7781/20260506/SEDAR_PLUS/CSA_SEDAR_PLUS_NOTICE_RECORD_ID_2398772.pdf and https://www.globenewswire.com/news-release/2026/05/05/3288363/0/en/constellation-software-inc-and-topicus-com-inc-announce-results-for-topicus-com-inc-for-the-first-quarter-ended-march-31-2026.html	official_q1_2026 files	Latest quarter
Q2 and Q3 2025 statements, MD&A, releases	Topicus CDN and GlobeNewswire URLs in raw inventory	official_q2_2025 and official_q3_2025 files	Recent trend
Q4 2025 release	https://www.globenewswire.com/news-release/2026/02/25/3245107/0/en/Constellation-Software-Inc-and-Topicus-Com-Inc-Announce-Results-for-Topicus-com-Inc-for-the-Fourth-Quarter-and-Year-Ended-December-31-2025.html	official_q4_2025_release.html and txt	Recent trend and annual release
SEC EDGAR ticker list	https://www.sec.gov/files/company_tickers_exchange.json	sec_company_tickers_exchange_2026-05-30.json	TOI maps to a different Nasdaq issuer, TOITF/Topicus not found

Search inventory used across official text extracts: `operating segments`, `one reportable segment`, `Revenue`, `License`, `Professional services`, `Hardware and other`, `Maintenance and other recurring`, `organic growth`, `acquisitions`, `Total consideration`, `FCFA2S`, `Free cash flow available to shareholders`, `Asseco`, `Sygnity`, `Topicus Coop`, `CSI`, `Constellation`, `Joday`, `Ijssel`, `research and development`, `development expenditures`, `Major customers`, `employees`, `geographical information`, `deferred revenue`, `remaining performance obligations`, `ARR`, `NRR`, `churn`, `retention`, `cohort`, `RPO`, `customer count`, `vertical`.

Completeness matrix:

Dataset / table family	Official source searched	Search terms or table names	Years available	Included in data package?	If excluded, why	Downstream relevance
Reportable segment economics	FY2021-FY2025 annual statements, Q1 2026 interim	Operating segments, IFRS 8, one reportable segment	FY2021-FY2025 plus Q1 2026	Yes	Not excluded	Segment appendices must use one segment only
Revenue by type	FY2021-FY2025 statements, Q2/Q3 2025 releases, Q1 2026 interim	License, Professional services, Hardware and other, Maintenance and other recurring	FY2021-FY2025 plus latest quarters	Yes	Not excluded	Product/sub-segment history without inventing products
SaaS KPIs	FY2025 statements and MD&A, quarterly releases	ARR, NRR, churn, retention, RPO, customer count, cohort	Not disclosed	No	True non-disclosure	Moat and growth caveats
Organic and acquired growth	FY2025 MD&A, Q2/Q3/Q4 2025 and Q1 2026 releases	organic growth, acquisitions	FY2025 quarterly table from Q4 2023 to Q4 2025 plus Q1 2026 headline	Yes	Not excluded	Separates M&A from organic growth
FCFA2S	Annual MD&A and quarterly releases	FCFA2S, Free cash flow available to shareholders	FY2021-FY2025, Q2-Q4 2025, Q1 2026	Yes	Not excluded	Shareholder cash-flow modeling
Acquisitions and consideration	Annual statements and MD&A, releases	Business acquisitions, total consideration, cash obtained	FY2021-FY2025 plus latest 12 months	Yes	Not excluded	Reinvestment runway and ROIC
NCI/component tables	Annual statements, Q1 2026 interim	Non-controlling interests, Topicus Coop, GeoSoftware, Geoactive, Sygnity	FY2024-FY2025 and Q1 2026/Q1 2025 recast	Yes	Not excluded	Per-share economics and control structure
Geography	Annual statements	Geographical information, Netherlands, Rest of World	FY2024-FY2025	Yes	Not excluded	Market exposure

Dataset / table family	Official source searched	Search terms or table names	Years available	Included in data package?	If excluded, why	Downstream relevance
R&D/capitalized development	Annual statements	research and development, development expenditures	FY2021-FY2025	Yes	Not excluded	Software reinvestment and margin quality
Employees	Annual statements, MD&A	employees, number of employees, headcount	Qualitative only	Partial	True non-disclosure for total headcount	Productivity cannot be computed
Customer concentration	FY2025 statements	Major customers	FY2024-FY2025	Yes	Not excluded	Concentration risk

Material historical KPI families:

KPI family	Granularity	FY2021	FY2022	FY2023	FY2024	FY2025	Latest interim / TTM	Source path
Maintenance and other recurring revenue	EUR m	513.1	634.7	773.8	899.7	1,097.1	Q1 2026 316.1, TTM 1,156.6	Official annual statements and Q1 2026 interim
Total revenue	EUR m	742.5	916.7	1,125.0	1,294.9	1,552.3	Q1 2026 435.7, TTM 1,632.4	Official annual statements and Q1 2026 interim
FCFA2S	EUR m	86.8	54.2	104.0	177.4	218.7	Q1 2026 165.4, TTM 222.4	Annual MD&A and Q1 2026 release
R&D expensed	EUR m	99.3	125.7	158.6	171.1	206.0	Q1 not separately disclosed	Annual statements
Revenue organic growth	Total revenue	Not clean in this package	Not clean in this package	Q4 2023 7 percent	FY2024 5 percent range by quarter	FY2025 4 percent annual	Q1 2026 5 percent	FY2025 MD&A and Q1 2026 release
Customer concentration	Consolidated	Not checked	Not checked	Not checked	No customer over 5 percent	No customer over 5 percent	Not updated in Q1	FY2025 statements

1. Reporting Structure And Taxonomy

Current reportable segment: Topicus aggregates its operating segments into one IFRS 8 reportable segment. Official wording in the FY2025 statements includes the short phrase "one reportable segment." Operating segments are described as mini Topicus companies focused on capital deployment above company hurdle rates. Do not create separate operating segments from the NCI component table. The NCI table provides component detail for Topicus Coop excluding GeoSoftware, Geoactive, and Sygnity, but those are not reportable operating segments.

FY2025 reportable-segment revenue: EUR 1,552.3m, 100.0 percent of total revenue. FMP product segmentation status: annual and quarterly endpoint responses were empty arrays. FMP financial-reports-form-10-k-json had no data in the QF run and was not the controlling source. Official sources therefore replace FMP product/segment tables.

Reporting taxonomy stability: no reportable-segment change was found in the last three fiscal years. The company continues to disclose one reportable segment and revenue by type. A taxonomy flag remains for FY2021 because the redeemable preferred securities expense and Combination accounting materially distort GAAP net income and FMP standardized operating income. Use revenue, revenue type, CFO, FCFA2S, and R&D with care across that boundary.

Geography from FY2025 statements:

Geography	FY2024 revenue EUR m	FY2024 % total	FY2025 revenue EUR m	FY2025 % total	Source
Netherlands	632.1	48.8%	689.3	44.4%	FY2025 statements Note 22
Rest of World	662.7	51.2%	863.0	55.6%	FY2025 statements Note 22
Total	1,294.9	100.0%	1,552.3	100.0%	FY2025 statements Note 22

2. Consolidated Historicals

Values are EUR billions except margins, EPS, share count, and ROIC. Official IFRS sources control revenue, earnings, CFO, capex, R&D, and balance sheet. FMP annual statement pulls are preserved as live comparison files. FY2025 FMP annual revenue was EUR 1.518b versus official EUR 1.552b, a 2.2 percent shortfall, so official values are used below.

Metric	FY2021	FY2022	FY2023	FY2024	FY2025	Source
Revenue	0.743	0.917	1.125	1.295	1.552	Official statements, FMP comparison pulled

Metric	FY2021	FY2022	FY2023	FY2024	FY2025	Source
Operating income proxy	0.114	0.113	0.165	0.206	0.233	Revenue less operating expenses before finance and investment effects
Operating margin	15.3%	12.4%	14.7%	15.9%	15.0%	Calculation
Net income consolidated	-2.222	0.088	0.115	0.149	0.070	Official statements
Net income attributable to Topicus	-1.884	0.053	0.072	0.092	0.042	Official statements
EPS diluted	-30.16	0.66	0.88	1.11	0.50	Official statements
Diluted share count	129.7m	129.8m	129.8m	129.8m	129.8m	Official statements
Capex	0.005	0.007	0.008	0.008	0.011	Official cash flow statements
FCF, CFO less capex	0.171	0.196	0.239	0.339	0.402	Official cash flow statements
FCFA2S	0.087	0.054	0.104	0.177	0.219	Official MD&A, non-IFRS
ROIC approximation	20.6%	14.4%	18.0%	22.2%	17.4%	Calculation defined below

ROIC calculation: NOPAT equals operating income proxy multiplied by one minus 25.8 percent tax rate, using the FY2025 statutory rate disclosed in the tax note for consistency. Invested capital equals average of total debt plus total equity less cash, using FMP live balance-sheet rows checked against official balance sheets. FY2025 example: NOPAT = EUR 233.2m x 74.2 percent = EUR 173.0m. Average invested capital = average of FY2024 EUR 677.1m and FY2025 EUR 1,311.2m = EUR 994.1m. ROIC = 17.4 percent. This is a comparability approximation, not a valuation-grade ROIC, because NCI, Asseco, Sygnity, and FY2021 preferred-security accounting affect invested capital and earnings.

3. Segment Historicals

Topicus has one reportable segment. Segment revenue therefore equals consolidated revenue. Segment operating income is not separately disclosed. The table uses the same official operating proxy from Section 2, not a separately reported segment OI.

One reportable segment	FY2021	FY2022	FY2023	FY2024	FY2025	Source
Revenue EUR b	0.743	0.917	1.125	1.295	1.552	Official annual statements
YoY	N/A	23.5%	22.7%	15.1%	19.9%	Calculation
Operating income proxy EUR b	0.114	0.113	0.165	0.206	0.233	Calculation from official statements
Operating margin	15.3%	12.4%	14.7%	15.9%	15.0%	Calculation
Reported segment operating income	Not disclosed	Not disclosed	Not disclosed	Not disclosed	Not disclosed	True non-disclosure after FY2021-FY2025 source search

NCI component detail found outside FMP:

Component detail	FY2024 revenue EUR m	FY2024 net income before NCI EUR m	FY2025 revenue EUR m	FY2025 net income before NCI EUR m	Source
Topicus Coop excluding GeoSoftware, Geoactive, Sygnity	1,174.3	127.9	1,418.8	55.8	FY2025 statements Note 27
GeoSoftware	36.8	6.4	36.0	0.7	FY2025 statements Note 27
Geoactive	15.7	2.8	15.1	1.7	FY2025 statements Note 27
Sygnity	68.1	12.4	82.4	12.3	FY2025 statements Note 27
Total	1,294.9	149.5	1,552.3	70.6	FY2025 statements Note 27

4. Product And Sub-Segment Historicals

Topicus does not disclose product, platform, business-unit, ARR, or vertical-level revenue dollars. The most granular dollar-disclosed recurring history is revenue by type. These are revenue categories, not reportable segments and not product lines.

Segment	Product / revenue type	What it is	Dollar disclosure?	Last 3 years revenue plus source
One reportable segment	License	On-premise software license revenue	Yes	FY2023 EUR 35.5m, FY2024 EUR 43.5m, FY2025 EUR 43.9m, annual statements
One reportable segment	Professional services	Installation, implementation, training, customization, consulting	Yes	FY2023 EUR 297.7m, FY2024 EUR 326.9m, FY2025 EUR 371.9m, annual statements
One reportable segment	Hardware and other	Third-party and customized hardware plus other revenue	Yes	FY2023 EUR 18.0m, FY2024 EUR 24.8m, FY2025 EUR 39.4m, annual statements
One reportable segment	Maintenance and other recurring	Customer support, SaaS, subscriptions, hosted products, transaction-related recurring revenue	Yes	FY2023 EUR 773.8m, FY2024 EUR 899.7m, FY2025 EUR 1,097.1m, annual statements
One reportable segment	ARR, NRR, churn, customer cohorts	SaaS-style retention and recurring book KPIs	No	True non-disclosure after annual/interim/release searches
One reportable segment	Vertical-specific revenue	Revenue by government, healthcare, education, legal, finance, other verticals	No	True non-disclosure after annual/interim/release searches

Annual revenue by type:

Revenue type EUR m	FY2021	FY2022	FY2023	FY2024	FY2025	FY2025 mix
License	26.7	31.7	35.5	43.5	43.9	2.8%
Professional services	196.6	239.7	297.7	326.9	371.9	24.0%
Hardware and other	6.2	10.6	18.0	24.8	39.4	2.5%
Maintenance and other recurring	513.1	634.7	773.8	899.7	1,097.1	70.7%
Total revenue	742.5	916.7	1,125.0	1,294.9	1,552.3	100.0%

Growth-only disclosures table:

Segment	Product / metric	Disclosure method	Last 4 quarters YoY growth	Source
One reportable segment	Total revenue	Dollar revenue plus headline YoY and organic growth	Q2 2025 +20 percent, Q3 2025 +24 percent, Q4 2025 +20 percent, Q1 2026 +23 percent	Quarterly releases
One reportable segment	Organic revenue growth	Percentage only, non-standardized management measure	Q2 2025 +5 percent, Q3 2025 +3 percent, Q4 2025 +4 percent, Q1 2026 +5 percent	Quarterly releases
One reportable segment	Acquired growth	Implied by total less organic, not separately dollar-disclosed	Not separately disclosed in dollars	True non-disclosure
One reportable segment	ARR/NRR/churn	Not disclosed	Not disclosed	True non-disclosure

No product-dollar back-solves were used in this package.

5. Most Recent Quarterly Trend

Company FY ends December 31. Most recently completed fiscal quarter at time of writing: FY2026 Q1, covering January 1 to March 31, 2026, reported on 2026-05-05 via https://www.globenewswire.com/news-release/2026/05/05/3288363/0/en/constellation-software-inc-and-topicus-com-inc-announce-results-for-topicus-com-inc-for-the-first-quarter-ended-march-31-2026.html .

Quarterly trend by reportable segment:

Quarter	Revenue EUR b	YoY	Organic growth	Operating margin proxy	FCFA2S EUR m	Source
Q2 2025	0.372	20%	5%	13.2%	-16.7	Q2 2025 release
Q3 2025	0.388	24%	3%	15.3%	22.3	Q3 2025 release
Q4 2025	0.437	20%	4%	17.5%	51.2	Q4 2025 release

Quarter	Revenue EUR b	YoY	Organic growth	Operating margin proxy	FCFA2S EUR m	Source
Q1 2026	0.436	23%	5%	15.5%	165.4	Q1 2026 release and interim statements

Latest-quarter revenue by type:

Revenue type EUR m	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Source
License	10.4	8.9	15.2	11.5	Q2/Q3 releases, Q4 derived from annual less nine months, Q1 interim
Professional services	88.2	94.5	106.9	98.2	Same
Hardware and other	8.5	6.9	16.7	9.9	Same
Maintenance and other recurring	264.9	277.6	298.0	316.1	Same
Total revenue	372.0	387.9	436.8	435.7	Same

Recency flags: Q1 seasonality is material because many businesses invoice annual maintenance in Q1, which inflates CFO and FCFA2S relative to other quarters. Q2 2025 FCFA2S was negative despite revenue growth because cash flow timing and acquisition effects dominate intra-year cash generation.

6. Management Commentary On Forward Growth

FMP transcript endpoint checks for TOI.V for FY2025 Q1-Q4 and FY2026 Q1 returned empty arrays. No company-hosted earnings-call transcripts or investor day transcript were found in this run. Therefore this section does not attribute call quotes to executives. It uses short official MD&A/release excerpts and paraphrased issuer commentary. Speaker is listed as Topicus management or Topicus release where the document is an issuer document rather than a call transcript.

Source	Speaker	Verbatim excerpt	Topic	Interpretation
FY2025 MD&A	Topicus management	"vertical market software"	Business model	Topicus frames itself as a VMS acquirer/operator, not a horizontal SaaS vendor.
FY2025 MD&A	Topicus management	"growth potential"	Acquisition strategy	The company links its long-term model to acquiring and building VMS businesses.
Q4 2025 release	Topicus release	"organic growth of 4%"	FY2025 growth	Reported +20 percent FY revenue was mainly acquisition-driven with modest organic growth.
Q1 2026 release	Topicus release	"organic growth of 5%"	Latest trend	Q1 2026 organic growth improved versus Q3/Q4 2025 but remained mid-single-digit.
FY2025 MD&A	Topicus management	"invest all of our FCFA2S"	Capital allocation	Cash generation is intended for acquisitions meeting hurdle rates, not dividends or buybacks.
FY2025 statements	Topicus management	"no material development expenditures"	R&D capitalization	R&D is expensed, reducing risk that earnings are inflated by capitalized software development.
FY2025 statements	Topicus management	"No customer represents revenue in excess of 5%"	Customer concentration	Customer concentration is low at the consolidated level.
FY2025 MD&A	Topicus management	"may complete several acquisitions"	M&A cadence	Management expects ongoing acquisition activity in a normal year.

Forward modeling implications:

Modeling topic	Anchor from official sources	Modeling consequence
Organic revenue	FY2025 annual organic growth 4 percent, Q1 2026 organic growth 5 percent	Base-case organic growth should not assume double-digit same-business growth without explicit support

Modeling topic	Anchor from official sources	Modeling consequence
Acquisition growth	FY2025 total growth 20 percent versus organic growth 4 percent	Most reported growth came from acquisitions and acquired revenue
Maintenance mix	FY2025 maintenance and other recurring revenue was 70.7 percent of revenue	Recurring revenue mix is high, but ARR/NRR are not disclosed
Cash flow	FY2025 FCFA2S EUR 218.7m, TTM FCFA2S EUR 222.4m	Use FCFA2S alongside CFO less capex, with NCI deduction understood
R&D	FY2025 R&D expensed EUR 206.0m, no material capitalization	Expense structure already includes software development spend
Asseco	FY2025 includes investment-accounting and fair-value effects	Normalize EPS before deriving software operating value

7. Capital Allocation History

Values are EUR billions except percentages. Buybacks were not found in official annual statements. Dividends include common dividends where disclosed in cash-flow statements; the main shareholder-cash-flow measure is FCFA2S after NCI allocation.

Year	Capex	Capex / revenue	R&D expensed	R&D / revenue	Buybacks	Dividends	M&A cash outflow	Source
FY2021	0.005	0.7%	0.099	13.4%	0.000	0.000	0.213	FY2021 statements
FY2022	0.007	0.8%	0.126	13.7%	0.000	0.000 common, 0.067 preferred	0.154	FY2022 statements and MD&A
FY2023	0.008	0.7%	0.159	14.1%	0.000	0.002 NCI	0.114	FY2023 statements
FY2024	0.008	0.6%	0.171	13.2%	0.000	Not material in table	0.110	FY2024 statements
FY2025	0.011	0.7%	0.206	13.3%	0.000	Not material in table	0.670	FY2025 statements

Acquisition history and consideration:

Year	Official acquisition detail	Consideration / cash flow	Notes
FY2021	Additional software acquisitions and Topicus.com B.V. transaction context	EUR 80.0m additional consideration plus separate transaction consideration table	Combination year distorts net income
FY2022	Software companies in disclosed verticals	Cash acquisition outflow EUR 153.8m	Acquired businesses contributed EUR 103.8m revenue per statements
FY2023	Facility management, library, education, finance, human capital and other verticals	Cash acquisition outflow EUR 113.8m	No single acquisition material
FY2024	Facility management, legal, healthcare, ICT and digital marketing verticals	Cash acquisition outflow EUR 110.2m and total consideration reference EUR 255.2m in later table	No single acquisition material
FY2025	Cipal Schaubroeck and additional acquisitions	Cash acquisition outflow EUR 670.0m, cash obtained EUR 62.7m, consideration tables EUR 223.6m and EUR 166.8m	Asseco investment cash outflows are separate from business acquisitions

8. Balance Sheet Snapshot

FY2025 values are EUR billions unless noted. Official balance sheet controls. FMP balance-sheet values were live-pulled and are directionally usable but not controlling for every line.

Item	EUR b	Source
Cash and equivalents	0.327	FY2025 statements
Short-term investments / current equity securities	0.001	FMP and official balance detail
Total debt excluding leases	0.693	FY2025 statements, debt/loans lines
Lease obligations	0.098	FY2025 statements

Item	EUR b	Source
Total debt including leases	0.791	FY2025 statements
Net debt including leases	0.464	Calculation
Net debt excluding leases	0.366	Calculation
Net debt / EBITDA	1.1x	Net debt including leases divided by FMP EBITDA EUR 0.428b
Goodwill plus intangibles	1.199	FY2025 statements and FMP balance sheet
Investments in associates	0.515	FY2025 statements, primarily Asseco after equity-method accounting
Total equity	0.782	FY2025 statements
Non-controlling interests	0.308	FY2025 statements
Tangible book value attributable to Topicus holders	-0.725	Topicus equity before NCI less goodwill and intangibles

Debt/cash notes: Topicus Coop obtained a EUR 200.0m senior unsecured Schuldschein loan in 2025 and amended the Topicus revolving credit facility. FY2025 debt rose materially after acquisitions and Asseco-related investment activity. Do not mix CAD market cap with EUR debt and FCFA2S without a valuation-date FX bridge.

9. Recent Corporate Actions

- 2026-05-05: Q1 2026 results released. Revenue was EUR 435.7m, up 23 percent, with organic growth of 5 percent. Source: Q1 2026 GlobeNewswire release.
- 2026-02-25: Q4 and FY2025 results released. FY2025 revenue was EUR 1,552.3m, up 20 percent, with organic growth of 4 percent. Source: Q4 2025 GlobeNewswire release and FY2025 statements.
- 2025-10-01: Topicus completed acquisition of 12,318,863 Asseco treasury shares, increasing its Asseco shareholding before later effects. Source: FY2025 MD&A.
- 2025: Asseco accounting changed from FVOCI/equity security treatment to equity-method accounting after ownership moved above significant-influence threshold. FY2025 included a EUR 221.7m expense from revaluing the investment to cost plus other Asseco-related fair-value, derivative, dilution-gain, and income effects. Source: FY2025 MD&A and statements.
- 2025: Topicus completed multiple additional acquisitions. None were individually significant per FY2025 statements. Source: FY2025 statements Note 4.
- 2025: Business acquisition cash outflow was EUR 670.0m, with EUR 62.7m cash obtained with acquired businesses. Source: FY2025 cash-flow statement.
- 2025: Topicus Coop ordinary units outstanding were 129,841,818, held by Topicus 83,338,873 units / 64.18%, CSI 188,953 / 0.15%, Joday Group 38,148,221 / 29.38%, and Ijssel Group 8,165,771 / 6.29%. CSI, Joday, and Ijssel units are exchangeable for Topicus subordinate voting shares and comprise non-controlling interests in Topicus Coop. Fully diluted subordinate voting share count would be 129,841,819 after conversion/exchange. Source: FY2025 MD&A.
- 2025: Related-party payments and reimbursements with CSI continued. Net payments to CSI for management fees and expense reimbursements were EUR 12.0m for FY2025, Topicus expensed EUR 3.0m of CSI management fees, and revenue from professional services to other CSI-controlled entities was EUR 10.4m. Source: FY2025 MD&A related-party section.

10. Open Data Gaps

Gap	Classification	Sources and search terms checked	Downstream treatment
ARR, ending ARR, net new ARR	True non-disclosure	FY2021-FY2025 statements, FY2025 MD&A, Q1 2026/Q2/Q3/Q4 releases searched for ARR and recurring KPIs	Do not infer ARR from maintenance revenue
NRR, gross retention, churn, cohort retention	True non-disclosure	Same official documents searched for NRR, DBNR, churn, retention, cohort	Moat work must use qualitative switching-cost evidence

Gap	Classification	Sources and search terms checked	Downstream treatment
Customer count, enterprise customers, seats, ARPU, ACV	True non-disclosure	Official documents searched for customers, seats, ARPU, ACV	Do not compute customer economics
Product-level margins	True non-disclosure	Official statements searched for product, gross margin, revenue category margin	Segment B must model consolidated margins only
Business-unit economics	True non-disclosure	Official statements searched for business unit, operating segment, Note 22, Note 27	NCI components are not operating segments
Vertical-specific revenue	True non-disclosure	Annual statements and MD&A searched for verticals and acquisition vertical lists	Use only qualitative vertical exposure from acquisition descriptions
Segment operating income	True non-disclosure	FY2021-FY2025 Note 22 and income statement searched	Use consolidated operating proxy only
Total employee headcount	True non-disclosure in filings checked	FY2025 statements and MD&A searched for employees, headcount, number of employees	Revenue per employee not computed
FMP product segmentation	Not applicable to official disclosure, FMP gap	FMP stable annual and quarter product segmentation returned empty arrays	Official revenue-type table controls
FMP FY2025 revenue tie-out	Estimated / discrepancy	FMP annual income-statement live row did not tie within 1 percent to official FY2025 revenue	Official-source override controls
Earnings call transcripts	Not fetched / omitted if external call source exists, FMP absent	FMP transcript endpoint returned empty arrays; no company transcript found in live search	Do not cite call quotes
SEC filings	Not applicable	SEC company ticker list searched for TOITF and Topicus; no issuer match found	SEDAR/Topicus official sources control

Self-verification log:

Check	Live source	Result
Recent quarter headline growth	Q1 2026 GlobeNewswire release	Confirmed Q1 2026 revenue EUR 435.7m, up 23 percent, organic growth 5 percent
Management quote/excerpt	FY2025 MD&A and official releases	Used short official excerpts only; FMP call transcripts empty
FY2025 revenue FMP tie	FMP stable income-statement annual TOI.V	Failed 1 percent tie, official EUR 1,552.3m vs FMP EUR 1,517.9m, discrepancy documented

Taxonomy/reclassification flags:

Flag	Status	Handling
One reportable segment	Stable	Do not invent segments
Revenue type disclosure	Stable FY2021-FY2025	Use as finest dollar-disclosed history
FY2021 Combination/preferred securities	Material distortion	Avoid using FY2021 GAAP net income as steady-state software economics
Asseco FY2025 accounting	Material distortion	Normalize EPS and pre-tax income for valuation and segment work
CAD versus EUR	Material currency bridge	Use explicit FX for any valuation multiple