Management's Discussion and Analysis

Q4 and FY 2022

For the twelve months ended December 31, 2022

Table of contents

1. Forward-looking Information 1
2. Non-GAAP and Other Measures 3
   2.1. Non-GAAP Financial Measures 3
   2.2. Non-GAAP Ratios 4
   2.3. Total of Segments Measures 5
   2.4. Capital Management Measures 5
   2.5. Supplementary Financial and Other Measures 6
3. Business Overview 8
   3.1. About Altus Group 8
   3.2. Understanding our Business 8
4. Business Strategy 13
5. Financial and Operating Highlights 15
   5.1. Annual Financial Highlights 15
   5.2. Annual Operating Highlights 15
   5.3. Annual Operating Highlights – Events After the Reporting Period 17
6. Discussion of Operations 18
   6.1. Revenues and Adjusted EBITDA by Reportable Segment 22
   6.2. Operations by Reportable Segment 23
   6.3. Corporate Costs 26
7. Business Outlook 27
8. Liquidity and Capital Resources 29
   8.1. Cash from Operating Activities 29
   8.2. Cash from Financing Activities 31
   8.3. Cash from Investing Activities 32
   8.4. Free Cash Flow 33
9. Reconciliation of Non-GAAP Measures 34
   9.1. Reconciliation of Profit (Loss) to Adjusted EBITDA and Adjusted Earnings (Loss) 34

9.2. Constant Currency 36
10. Summary of Quarterly Results 36
11. Selected Annual Information 37
12. Share Data 38
13. Financial Instruments and Other Instruments 38
14. Contingencies 39
15. Accounting Policies, Estimates, and Judgments 40
15.1. Critical Accounting Estimates and Judgments 40
15.2. Changes in Significant Accounting Policies and Estimates 41
15.2.1. Adoption of Recent Accounting Pronouncements 41
15.2.2. Future Accounting Pronouncements 41
16. Disclosure Controls and Procedures and Internal Controls over Financial Reporting 43
17. Additional Information 43

The following Management's Discussion and Analysis (the "MD&A") is intended to assist readers in understanding Altus Group Limited's consolidated business, its business environment, strategies, performance, outlook and applicable risks. References to the "Company" or "Altus Group" are to the consolidated group of entities, and this should be read in conjunction with our consolidated financial statements and accompanying notes (the "financial statements") as at and for the year ended December 31, 2022, which have been prepared on the basis of International Financial Reporting Standards ("IFRS") and reported in Canadian dollars. Unless otherwise indicated herein, references to "$" are to Canadian dollars and percentages are in comparison to the same period in 2021.

Unless the context indicates otherwise, all references to "we", "us", "our" or similar terms refer to Altus Group, and, as appropriate, our consolidated operations.

Within this document are certain non-GAAP and other measures denoted by a "*". This includes non-GAAP financial measures such as Adjusted Earnings (Loss), and Constant Currency; non-GAAP ratios such as Adjusted EPS; total of segments measures such as Adjusted EBITDA; capital management measures such as Free Cash Flow; and supplementary financial and other measures such as Adjusted EBITDA margin, Net debt to Adjusted EBITDA leverage ratio, New Bookings, Organic New Bookings, Recurring New Bookings, Non-Recurring New Bookings, Organic Revenue, Recurring Revenue, Non-Recurring Revenue, Organic Recurring Revenue, DSO, AE Software Maintenance Retention Rate, and Cloud Adoption Rate. Since the measures, used herein, are not standard measures under IFRS, they may not be comparable to similar measures reported by other entities. Refer to the "Non-GAAP and Other Measures" section for definitions of, and more information on, each measure. For non-GAAP financial measures and total of segments measures, refer to the "Reconciliation of Non-GAAP Measures" section for reconciliations to the most directly comparable IFRS measure. For capital management measures, refer to the "Free Cash Flow" section for a reconciliation to the most directly comparable IFRS measure.

This MD&A is dated as of February 23, 2023.

1. Forward-looking Information

Certain information in this MD&A may constitute "forward-looking information" within the meaning of applicable securities legislation. All information contained in this MD&A, other than statements of current and historical fact, is forward-looking information. Forward-looking information includes, but is not limited to, the discussion of our business, strategies and expectations of future performance, including any guidance on financial expectations, and our expectations with respect to cash flows and liquidity. Generally, forward-looking information can be identified by use of words such as "may", "will", "expect", "believe", "plan", "would", "could", "remain" and other similar terminology.

Forward-looking information is not, and cannot be, a guarantee of future results or events. Forward-looking information is based on, among other things, opinions, assumptions, estimates and analyses that inherently are subject to significant risks, uncertainties, contingencies and other factors that may not be known and may cause actual results, performance or achievements, industry results or events to be materially different from those expressed or implied by the forward-looking information. The material factors or assumptions that we identified and applied in drawing conclusions or making forecasts or projections set out in the forward-looking information include, but are not limited to: engagement and product pipeline opportunities in Analytics will result in associated definitive agreements; continued adoption of cloud subscriptions by our customers; retention of material clients and bookings; sustaining our software and subscription renewals; settlement volumes in the Property Tax reportable segment occurring on a timely basis and assessment authorities processing appeals in a manner consistent with expectations; successful execution of our business strategies; consistent and stable economic conditions or conditions in the financial markets; consistent and stable legislation in the various countries in which we operate; consistent and stable foreign exchange conditions; no disruptive changes in the technology environment; opportunity to acquire accretive businesses and the absence of negative financial and other impacts resulting from

strategic investments or acquisitions on short term results; successful integration of acquired businesses; and continued availability of qualified professionals.

Inherent in the forward-looking information are known and unknown risks, uncertainties and other factors that could cause our actual results, performance or achievements, or industry results, to differ materially from any results, performance or achievements expressed or implied by such forward-looking information. Those risks include, but are not limited to: the general state of the economy; the COVID-19 pandemic; our financial performance; our financial targets; the commercial real estate market; acquisitions; industry competition; business interruption events; third party information; cybersecurity; professional talent; our cloud subscriptions transition; software renewals; our sales pipeline; enterprise transactions; customer concentration and loss of material clients; product enhancements and new product introductions; technological strategy; intellectual property; property tax appeals and seasonality; legislative and regulatory changes; privacy and data protection; our brand and reputation; fixed-price and contingency engagements; the Canadian multi-residential market; currency fluctuations; interest rates; credit; income tax matters; health and safety hazards; our contractual obligations; legal proceedings; our insurance limits; our ability to meet the solvency requirements necessary to make dividend payments; our leverage and financial covenants; our share price; our capital investments; and the issuance of additional common shares and debt, as described in this document under “Key Factors Affecting the Business” as well as those described in our annual publicly filed documents, including the Annual Information Form for the year ended December 31, 2021 (which are available on SEDAR at www.sedar.com).

The COVID-19 pandemic has cast additional uncertainty on each of these factors and assumptions. The duration, extent and the resulting economic impact the COVID-19 pandemic will have on our business remains uncertain and difficult to predict at this time.

Investors should not place undue reliance on forward-looking information as a prediction of actual results. The forward-looking information reflects management’s current expectations regarding future events and operating performance and is based on reasonable assumptions and information currently available to management. The forward-looking information contained herein is current as of the date of this MD&A and, except as required under applicable law, we do not undertake to update or revise it to reflect new events or circumstances. Additionally, we undertake no obligation to comment on analyses, expectations or statements made by third parties in respect of Altus Group, our financial or operating results, or our securities.

Certain information in this MD&A, including sections entitled “Business Outlook”, may be considered as “financial outlook” within the meaning of applicable securities legislation. The purpose of this financial outlook is to provide readers with disclosure regarding Altus Group’s reasonable expectations as to the anticipated results of its proposed business activities for the periods indicated. Readers are cautioned that the financial outlook may not be appropriate for other purposes.

2. Non-GAAP and Other Measures

We use certain non-GAAP financial measures, non-GAAP ratios, total of segments measures, capital management measures, and supplementary and other financial measures as defined in National Instrument 52-112 - *Non-GAAP and Other Financial Measures Disclosure* ("NI 52-112"). We believe that these measures may assist investors in assessing an investment in our shares as they provide additional insight into our performance. Readers are cautioned that they are not defined performance measures, and do not have any standardized meaning under IFRS and may differ from similar computations as reported by other similar entities and, accordingly, may not be comparable to financial measures as reported by those entities. These measures should not be considered in isolation or as a substitute for financial measures prepared in accordance with IFRS.

2.1. Non-GAAP Financial Measures

Adjusted Earnings (Loss)	
How is it useful:	We use Adjusted Earnings (Loss) to facilitate the calculation of Adjusted Earnings (Loss) per Share ("Adjusted EPS").
How we calculate it	Profit (loss) added or (deducted) by: profit (loss) from discontinued operations; occupancy costs calculated on a similar basis prior to the adoption of IFRS 16; depreciation of right-of-use assets; amortization of intangibles of acquired businesses; acquisition and related transition costs (income); unrealized foreign exchange losses (gains); (gains) losses on disposal of right-of-use assets, property, plant and equipment and intangibles; share of (profit) loss of joint venture; non-cash share-based compensation costs; (gains) losses on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs; (gains) losses on derivatives; interest accretion on contingent consideration payables; restructuring costs (recovery); impairment charges; (gains) losses on investments; (gains) losses on hedging transactions and interest expense (income) on swaps; other costs or income of a non-operating and/or non-recurring nature; finance costs (income), net - leases; and the tax impact of these items. Refer to page 34 for a reconciliation of Adjusted Earnings (Loss) to our financial statements.
Most directly comparable IFRS financial measure:	Profit (loss)

Constant Currency	
How is it useful:	We use Constant Currency to allow current financial and operational performance to be understood against comparative periods without the impact of fluctuations in foreign currency exchange rates against the Canadian dollar.
How we calculate it	The financial results and non-GAAP measures presented at Constant Currency within this document are obtained by translating monthly results denominated in local currency (U.S. dollars, British pound, Euro, Australian dollars, and other foreign currencies) to Canadian dollars at the foreign exchange rates of the comparable month in the previous year. Refer to page 36 for a reconciliation of Constant Currency between foreign exchange rates used.
Most directly comparable IFRS financial measure:	Corresponding IFRS amount, as presented

2.2. Non-GAAP Ratios

Adjusted EPS	
How is it useful:	We use Adjusted EPS to assess the performance of our business, on a per share basis, before the effects of the noted items because they affect the comparability of our financial results and could potentially distort the analysis of trends in business performance.
How we calculate it	Adjusted Earnings (Loss) divided by basic weighted average number of shares, adjusted for the effects of the weighted average number of restricted shares.

2.3. Total of Segments Measures

Adjusted Earnings before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA")	
How is it useful:	We use Adjusted EBITDA to evaluate the performance of our business, as well as when making decisions about the ongoing operations of the business and our ability to generate cash flows.
How we calculate it	Profit (loss) added or (deducted) by: profit (loss) from discontinued operations; occupancy costs calculated on a similar basis prior to the adoption of IFRS 16; depreciation of right-of-use assets; depreciation of property, plant and equipment and amortization of intangibles; acquisition and related transition costs (income); unrealized foreign exchange (gains) losses; (gains) losses on disposal of right-of-use assets, property, plant and equipment and intangibles; share of (profit) loss of joint venture; non-cash share-based compensation costs; (gains) losses on equity derivatives net of mark-to market adjustments on related restricted share units ("RSUs") and deferred share units ("DSUs"); (gains) losses on derivatives, restructuring costs (recovery); impairment charges; (gains) losses on investments; other costs or income of a non-operating and/or non-recurring nature; finance costs (income), net - leases; finance costs (income), net - other; and income tax expense (recovery). Refer to page 34 for a reconciliation of Adjusted EBITDA to our financial statements. This measure represents Adjusted EBITDA determined on a consolidated basis as a total of our reportable segments. All other Adjusted EBITDA references are disclosed in our financial statements and are not considered to be non-GAAP financial measures pursuant to NI 52-112.
Most directly comparable IFRS financial measure:	Profit (loss)

2.4. Capital Management Measures

Free Cash Flow	
How is it useful:	We use Free Cash Flow to understand how much of the cash generated from operating activities is available to repay borrowings and to reinvest in the Company.
How we calculate it	Net cash provided by (used in) operating activities deducted by capital expenditures. Refer to page 33 for a reconciliation of Free Cash Flow to our financial statements.
Most directly comparable IFRS financial measure:	Net cash provided by (used in) operating activities

2.5. Supplementary Financial and Other Measures

Adjusted EBITDA Margin	
How is it useful:	We use Adjusted EBITDA margin to evaluate the performance of our business, as well as when making decisions about the ongoing operations of the business and our ability to generate cash flows.
How we calculate it	Adjusted EBITDA divided by revenue.

Net debt to Adjusted EBITDA leverage ratio	
How is it useful:	We use Net debt to Adjusted EBITDA leverage ratio as a measure of our ability to service our debt and other long-term obligations.
How we calculate it	Net debt (total borrowings less cash and cash equivalents, net of short-term deposits) divided by Adjusted EBITDA.

New Bookings, Organic New Bookings, Recurring New Bookings and Non-Recurring New Bookings	
How is it useful:	For our Analytics reportable segment, we use New Bookings, Organic New Bookings, Recurring New Bookings and Non-Recurring New Bookings as measures to track the performance and success of our sales initiatives, and as an indicator of future revenue growth. New Bookings is inclusive of any new signed contracts as well as any additional solutions and services added by existing customers within our Analytics reportable segment. The contract value of renewals is excluded from this metric with the exception of additional capacity or products purchased at the time of renewal.
How we calculate it:	New Bookings: The total of annual contract values for new sales of our recurring solutions and services (software subscriptions, Valuation Management Solutions, and data subscriptions) plus the total of contract values for one-time engagements (consulting, training, and due diligence). The value of contract renewals is excluded from this metric with the exception of additional capacity or products purchased at the time of renewal. Organic New Bookings: The total of New Bookings deducted by New Bookings from business acquisitions that are not fully integrated (up to the first anniversary of the acquisition). Recurring New Bookings: The total of annual contract values for new sales of our recurring solutions and services. Non-Recurring New Bookings: The total of contract values for one-time engagements.

Organic Revenue	
How is it useful:	We use Organic Revenue to evaluate and assess revenue trends in our business on a comparable basis versus the prior year, and as an indicator of future revenue growth.
How we calculate it:	Revenue deducted by revenues from business acquisitions that are not fully integrated (up to the first anniversary of the acquisition).

Recurring Revenue, Non-Recurring Revenue, Organic Recurring Revenue	
How is it useful:	For our Analytics reportable segment, we use Recurring Revenue, Non-Recurring Revenue, and Organic Recurring Revenue as measures to assess revenue trends in our business, and as an indicator of future revenue growth.
How we calculate it:	Recurring Revenue: Revenue from software subscriptions recognized on an over time basis in accordance with IFRS 15, software maintenance revenue associated with our legacy licenses sold on perpetual terms, Valuation Management Solutions, and data subscriptions. Non-Recurring Revenue: Revenue deducted by Recurring Revenue. Organic Recurring Revenue: Recurring Revenue deducted by Recurring Revenue from business acquisitions that are not fully integrated (up to the first anniversary of the acquisition).

Days Sales Outstanding (“DSO”)	
How is it useful:	We use DSO as a measure of our ability to convert our revenue into cash.
How we calculate it:	Five-quarter average balance of net trade receivables and unbilled revenue on customer contracts net of deferred revenue, divided by the trailing 12-month revenues plus any pre acquisition revenues (as applicable), and multiplied by 365 days.

ARGUS Enterprise (“AE”) Software Maintenance Retention Rate	
How is it useful:	For our Analytics reportable segment, we use AE Software Maintenance Retention Rate as a measure to evaluate our success in retaining our AE software customers. With the majority of our AE customer base having now converted from legacy maintenance contracts to subscription contracts this metric is now less relevant and will be updated in the future.
How we calculate it:	Percentage of the available AE software maintenance renewal opportunity in a fiscal period that renews, calculated on a dollar basis, excluding any growth in user count or product expansion.

Cloud Adoption Rate	
How is it useful:	For our Analytics reportable segment, we use Cloud Adoption Rate as a measure of our progress in transitioning the AE user base to our cloud-based platform, a key component of our overall product strategy.
How we calculate it:	Percentage of the total AE user base contracted on the ARGUS Cloud platform.

3. Business Overview

3.1. About Altus Group

Altus Group (TSX: AIF) is a leading provider of asset and fund intelligence for commercial real estate. We deliver intelligence as a service to our global client base through a connected platform of industry-leading technology, advanced analytics and advisory services.

Trusted by the largest CRE leaders, our capabilities help commercial real estate investors, developers, proprietors, lenders, and advisors manage risk and improve performance throughout the asset and fund lifecycle.

Altus Group is a global company headquartered in Toronto with approximately 2,700 employees across North America, EMEA and Asia Pacific. For more about Altus Group, please visit altusgroup.com.

3.2. Understanding our Business

Valuations are at the core of everything we do

Our core competency is the valuation of commercial real estate ("CRE") assets. The value of a commercial property is one of the most important factors for CRE investment, ownership and development. It drives decision making across the CRE value chain – from discovery to acquisition/disposition, development, leasing and planning, property tax and debt management, and portfolio strategy. Our business reaches across the entire value chain through our two business units: Analytics and CRE Consulting.

We apply our expertise in valuations towards various use cases across our business units. The primary use cases include: tax appeals, fund mark-to-market reporting, equity and debt portfolio appraisals, transactions, and development investments. Our business units generate highly differentiated, high quality exhaust data. As we connect this data, we are building out new advanced analytics capabilities that also expand our use cases to performance management. By leveraging our asset and fund intelligence at scale, we can correlate valuations with asset performance attributes to help our clients maximize performance and better manage risk.

Our valuation capabilities, data and expertise are relied on by many CRE professionals in the industry to reduce their risks and maximize returns. In our Analytics business unit, our ARGUS Enterprise software valuation methodology has been deployed for over 30 years for property cash flow and valuation modelling throughout North America and the U.K., and is taught in over 200 academic institutions worldwide. In collaboration with the National Council of Real Estate Investment Fiduciaries ("NCREIF") our Valuation Management Solutions data forms the benchmark for the Open-End Diversified Core Equity ("ODCE") index, the official institutional real estate

performance benchmark in the U.S. In our CRE Consulting business unit, our expertise in valuations is a key differentiator in our ability to maximize successful client outcomes.

Serving a global and diverse client base

Our customers include many market participants across the CRE industry. Key customer segments include CRE investors, developers, proprietors, lenders and their advisors. We have the privilege of having long-standing relationships with many of the world's largest CRE leaders and enjoy a strong network effect by leveraging our mission-critical AE software.

Our customers vary in size, focus and complexity. Our go-to-market plans segment customers under two categories to optimize how we serve them: high touch (those who require more hands-on support or are strategic customers); and scale (those who are more self-reliant). Our approach also segments customers by geography, by offers that can best solve their unique challenges, and specific client personas. The majority of our revenues come from medium-to-large firms.

Enhancing client value through our Intelligence as a Service offer portfolio

With the mounting challenges of increased competition, globalization, regulatory pressures, and ever-changing market dynamics, CRE professionals are looking for objective expert advice and actionable insights to make faster and data-informed decisions. Our end-to-end technology, analytics and advisory services help our clients manage and react to key asset, fund and market events, helping them to improve performance and manage risk.

One of our key competitive differentiators is our unique combination of deep CRE industry expertise and proprietary technology tailored for the CRE industry. Altus Group professionals are not only experts in their practice areas but also in the CRE industry, earning us the reputation as trusted advisors to many of our clients. Our technology and data analytics solutions are trusted by the industry and embedded in key client workflows, with our AE software regarded as a mission critical application for the valuation of commercial assets. This combination of industry and technology expertise enables us to help our clients navigate complex business challenges and gives us a significant advantage compared to single-focus traditional consulting or technology firms.

In 2022, Altus Group initiated the transition from selling individual products and services to a model that combines our technology, analytics and advisory capabilities under offers. Each offer category includes a variety of capabilities for each of our key customer profiles so that our sales professionals can easily identify which offer will drive the greatest impact for their clients' business and help them solve their most critical business problems. Our offers are delivered as intelligence as a service.

Value selling under offers simplifies our customers' experience with us and enables us to serve them better while enhancing our prospects for higher value enterprise contracts that broaden our engagement. Recognizing that customer requirements differ by client type, we sell our offers under three editions: essentials, advanced, and premium:

Edition	Description
Essentials "Do it myself"	• Provides clients with base editions that are self-service and technology led. • Products and services can still be purchased stand-alone.
Advanced "Show me"	• Combines the essentials edition with added capabilities. • Includes technology with added data, analytics or services.
Premium "Do it for me"	• Combines the advanced edition with added capabilities. • Includes technology-enabled, expert-led, outcome-based delivery services.

We have four offer categories that support different critical asset and fund-level challenges:

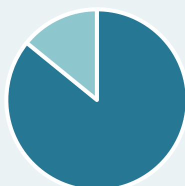
Offer category	Offer description	Includes the following legacy solutions and services
Altus Valuation	An offer for cash flow modelling, valuations and reporting. We help clients produce reliable valuations of assets, investments and loans that are trusted by partners, investors and regulators.	Software products (including ARGUS Enterprise, ARGUS Developer and ARGUS EstateMaster) and Valuation Management Solutions (including ARGUS ValueInsight).
Altus Portfolio Performance	An offer to connect asset data, modelling, and analytics to optimize asset and portfolio management. We help clients maximize financial performance across real estate investments by identifying risks, understanding portfolio impacts and finding opportunities to add value throughout their lifecycle.	Software products (including ARGUS Enterprise, ARGUS Developer, ARGUS EstateMaster, ARGUS Taliance, and Fairways Debt), as well as advisory solutions previously sold under the One11 brand and our Development Advisory services.
Altus Market Insights	An offer to provide instant access to asset, market and fund-level intelligence. We help clients make faster, informed decisions in key CRE workflows and activities by leveraging market data and predictive analytics.	Data and analytics tools (including Altus Data Studio, Reonomy and StratoDem Analytics), including related advisory services.
Altus Property Tax	An offer to optimize property tax liability. We help clients optimize and effectively manage a CRE portfolio's largest operating expense, property taxes.	Our property tax management and appeal services, as well as the Itamlink property tax management software.

Our Intelligence as a Service offer portfolio is powered by our internal Altus Performance Platform ("APP"). The APP delivers a scalable, diverse, and extensible data model designed to support advanced analytics applications. The APP is where we house the most relevant industry asset data, apply that data for performance and risk management use cases, and derive insight and intelligence through advanced analytics. We are transitioning our entire technology stack onto this platform.

Our reportable segments

We report the results of our operations through the following reportable segments: (1) Analytics; (2) Property Tax and (3) Appraisals and Development Advisory (rebranded from Valuation and Cost Advisory). Our business units are also supported by a corporate centre that primarily includes our finance, information technology, human resources, marketing, legal, corporate development and communications functions.

Analytics	
Principal activities	• Our Analytics portfolio includes software, data analytics and advisory solutions primarily for CRE asset valuations for the purpose of performance, development and investment management.
Key revenue streams	• Our key revenue streams comprise software, data analytics, market data, Valuation Management Solutions, and technology consulting services. We help clients gain data-based transparency and digitize their CRE asset and fund management valuation processes to empower better decision-making to maximize valuations, reduce risk, and enhance the value of their CRE investments. ○ Our software suite includes ARGUS-branded solutions (including the flagship AE product) and Finance Active-branded debt management solutions. Our software

Analytics	
 *87% of fiscal year 2022 Analytics revenue was Recurring Revenue*	solutions are deployed globally and primarily used to value, manage and increase the transparency of equity and debt CRE portfolios. ○ Our market data and related data analytics capabilities cover key North American markets and are used to support acquisition, investment, and development decisions. ○ Our Valuation Management Solutions (formerly referred to as appraisal management), primarily offered in the U.S., include valuation management and advisory services for CRE portfolios and funds with tools for attribution analysis and data-benchmarking. ○ Our technology consulting services include strategic advisory for front-to-back-office strategies, processes and technology. It also captures traditional software services related to education, training, and implementation. • Approximately 87% of fiscal year 2022 Analytics revenues were Recurring Revenue. Our Recurring Revenue includes software subscription revenues recognized on an over time basis, market data and data analytics subscription offerings, fees from our Valuation Management Solutions that are supported by multi-year contracts, as well as legacy software maintenance fees (which we continue to upgrade to cloud subscriptions). • Our Non-Recurring Revenue includes services related to technology consulting as well as software education, training, and implementation. Although diminishing in size, for customers who have on-premise software and wish to add more on-premise seats, the software license component of the subscription contract is captured as point-in-time revenue when delivered as required by IFRS, and captured in this revenue stream.
Revenue model	• Our Recurring Revenue streams are sold primarily on subscription contracts supported by cloud-based solutions. Recurring Revenue provides us with a stable and predictable revenue base that we expect the high majority to repeat every year. Our Analytics subscription agreements vary in length between one to five years with the fee primarily dependent on the number of users and applications deployed. Many of our "high touch" client contracts, particularly for our Valuation Management Solutions, are priced based on the number of real estate assets on our platform and subject to adjustments based on complexity of asset type and frequency of valuations. An asset-based pricing model allows us to grow with our customers, while also enhancing our opportunity to expand the users on our platform and broaden our reach across workflows. • Our Non-Recurring Revenue service engagements are charged primarily on a time and materials basis, billed and recognized as delivered.
Key geographies	• Our Analytics solutions are sold globally, primarily targeting our Tier 1 geographies including U.S., Canada, U.K., France, and Australia (*a geographic revenue split is provided in section 6.2. Operations by Reportable Segment*).
Key customer segments	• Our key client segments include high-touch and scale clients. The high-touch clients include large, global, and strategic firms that account for the majority of our revenues. The scale segment clients predominately include small-to-medium sized businesses. • Our customer base is globally dispersed and diversified by type. Key customers include equity and debt investors, service providers, owner operators and developers.
Primary revenue growth drivers	• Our existing customer base continues to represent an attractive opportunity to deepen our engagement with them and cross-sell new capabilities. As we continue to make deeper inroads across our clients' organizations and become more embedded in their workflows, our "land-and-expand" approach allows us to efficiently increase revenue from our existing customer base. Growth within our existing customer base also captures higher-value contracts from multi-solution sales facilitated through offer selling and migration of customers to our cloud-based subscription pricing. Albeit additive, pricing is not a material driver of growth at this stage. • New customers also represent an attractive opportunity, including outside of North America where our market penetration is still modest relative to the opportunity. As we expand our

Analytics	
	capabilities, we have increased opportunities to capture new customer segments and user types/personas in the industry that we have not served historically.

Property Tax	
Principal activities	• Our Property Tax portfolio includes expert services and technology for property tax management. Our core offering is conducting property tax assessment reviews for their commercial properties, based on which we selectively pursue appeals with government agencies to minimize our clients' tax liability.
Key revenue streams	• Property tax is influenced by government-assessed asset valuations and often represents the largest operating expense in CRE property ownership after debt service. Additionally, property tax obligations and processes vary significantly between jurisdictions, requiring regional and asset specific expertise. We help clients proactively manage this expense and their complex appeal processes through our technology-enabled expert services, striving to help them minimize the tax burden.
Revenue model	• Approximately 70% of our revenues are derived on a contingency basis, where we receive a percentage of the savings we achieve for our clients. As such, we recognize contingency revenues only when settlements are made, which in some cases could span multiple years. Approximately 30% of our Property Tax fees are based on a time and materials basis. We also have a growing recurring revenue stream related to the Itamlink software (acquired in 2022) which we sell on recurring subscription contracts. • Of note, this business has an element of cyclicality in the U.K., its biggest geographic market. Starting in the second year of the national multi-year U.K. cycle, we record annuity billings in the U.K. that occur only in the second quarter beginning in the second year of the national multi-year tax cycle. Unlike the North American practice where we bill a client once for the savings we achieve for them for an entire cycle, we bill our clients in the U.K. annually based on savings for that year. Revenues from the annuity billings generally grow over the cycle as we add more clients and as more cases are settled with the volume of billable clients increasing concurrently with case settlements.
Key geographies	• Our Property Tax services are offered in Canada, the U.S. and the U.K. where we are relied on by our clients to help manage their property tax and business rates liabilities.
Key customer segments	• Our key client segments include proprietors in the high-touch segments in North America (where the property tax obligations are with landlords and owners), and largely property tenants under the scale segment in the U.K. (where the property tax obligation rests predominantly with tenants).
Primary revenue growth drivers	• Revenue growth is primarily driven by increasing both the volume and value of our appeal settlement pipeline and our ability to leverage data and automation to scale successful client outcomes. Market share gains drive volume, and value is driven by our expertise and data which allows us to selectively pursue appeals that have a high probability of successful client outcomes. Our ongoing digitization efforts support revenue growth by helping us scale, better identify high-margin opportunities, and increase our sales productivity.

Appraisals and Development Advisory	
Principal activities	• Our Appraisals and Development Advisory portfolio also includes expert services in the areas of commercial property valuation appraisals and commercial development advisory.
Key revenue streams	• The Appraisals practice core services include valuation appraisals of real estate portfolios. Additional related services include valuation appraisals of properties for transactional purposes, due diligence and litigation support, and economic consulting. The Development Advisory practice provides services in the areas of construction feasibility studies, budgeting, cost and loan monitoring and project management.
Revenue model	• Pricing is primarily based on a fixed fee or time and materials basis. Many of our Development Advisory contracts are multi-year.
Key geographies	• Our Appraisals services are primarily offered in Canada, and our Development Advisory services are primarily offered in Canada and Australia.
Key customer segments	• Our key client segments primarily include high-touch clients. Our Appraisals customers include institutional CRE clients, whereas our Development Advisory clients include CRE developers, lenders, and government agencies for infrastructure related projects.
Primary revenue growth drivers	• Growth is primarily driven by an expansion of market size and by market share gains.

4. Business Strategy

Market opportunity

Commercial real estate is one of the largest asset classes in the world yet despite its scale and influence, the CRE industry has historically been slow to digitize. Consequently, CRE asset and fund level intelligence remains largely fragmented and behind in comparison to other established industries such as financial services.

This is rapidly changing as the influx of institutional ownership, together with globalization and demographic shifts, demands more sophisticated processes and data-driven transparency. Jobs, functions and workflows are changing and challenging the status quo of how this industry has historically operated. With ever increasing competition, intensifying reporting requirements, and the desire to modernize, the industry is looking for partners to help it innovate, unlock insights, discover new opportunities, and better manage risks and costs.

Value creation strategy

Our strategic focus is to deliver actionable asset and fund level intelligence to help our clients improve performance and better manage risk. Our long-term value creation strategy is grounded in this mission.

Our strategic intent is to maximize client value, enhance our foundational capabilities – organically and through partnerships and acquisitions – continuously improve our operational effectiveness, and methodically allocate capital to drive profitable growth as measured by Adjusted EBITDA margin expansion, Adjusted EPS growth and optimized Free Cash Flow.

Our growth strategy is focused on: 1) defending, connecting and growing our core business units; 2) extending those business units through carefully selected adjacencies; and 3) reaching into new market segments through advanced analytics-driven capabilities.

To deliver on our mission, effectively and at scale, we are completing our business transformation to operate more efficiently. This includes integrating all aspects of our business – *optimizing our operating model, our go-to-market approach, platform architecture, as well as our front and back-office infrastructure* – to deliver an exceptional experience for our clients and employees. We believe this critical initiative will drive operational excellence, platform economics, and maximize our operating leverage so that we can scale more effectively as we grow.

To meet the evolving needs of our clients and position ourselves for our next phase of growth we are on a journey to deliver comprehensive asset and fund level intelligence through advanced analytics. Our strategic focus is to connect high quality asset data and technology with advanced analytics, complemented by our deep industry expertise, to deliver predictive and prescriptive foresight essential to CRE performance. Our future-state predictive and prescriptive models will deliver intelligence at scale, enabling our clients to improve and de-risk their performance by helping them better anticipate opportunities and adapt accordingly.

Strategic priorities in 2023

In 2023, our strategic priorities move from business transformation to scaling profitable growth. The following four 2023 strategic priorities will drive the growth and long-term success of Altus Group:

1. Scale Altus Group	Accelerate the expansion of Altus Group by defending and extending our core business units and reaching into new market segments
2. Operate efficiently	Maximize operating leverage through improved efficiencies, prudent expense management and optimized investments
3. Create customer value	Build on and evolve our capabilities to meet client needs for improved performance and better risk management
4. Engage talent	Place best people in the right roles and empower colleagues for greater performance in an inclusive environment

Our key success measures include revenue growth, continued New Bookings growth, Adjusted EBITDA margin expansion, Adjusted EPS growth, optimized Free Cash Flow and employee retention.

We believe that delivering on these objectives will position Altus Group for sustainable and profitable growth over the long term. It strengthens our foundation to be an efficient, growth-oriented company that delivers exceptional stakeholder value.

5. Financial and Operating Highlights

5.1. Annual Financial Highlights

Selected Financial Information	Year ended December 31,	
In thousands of dollars, except for per share amounts	**2022**	2021
Revenues	$ 735,451	$ 625,387
Canada	27%	30%
U.S.	45%	37%
EMEA	24%	28%
Asia Pacific	4%	5%
Adjusted EBITDA*	$ 135,322	$ 109,755
Adjusted EBITDA margin*	18.4%	17.5%
Profit (loss)	$ (889)	$ 25,573
Earnings (loss) per share:		
Basic	$(0.02)	$0.62
Diluted	$(0.02)	$0.60
Adjusted*	$1.89	$1.90
Dividends declared per share	$0.60	$0.60
Funded debt to EBITDA ratio	2.13:1	2.47:1
Net debt to Adjusted EBITDA leverage ratio*	1.96:1	2.17:1
Free Cash Flow*	$ 52,605	$ 45,679

5.2. Annual Operating Highlights

Leadership Transition and New Board Appointments

Effective April 1, 2022, Jim Hannon, formerly the President of Analytics, assumed the role of Chief Executive Officer ("CEO"), succeeding Mike Gordon who remains on our Board of Directors. Concurrently, Jorge Blanco was promoted to the role of President, Analytics and the newly created role of Chief Commercial Officer. Effective January 1, 2023, Pawan Chhabra joined the Company as our new Chief Financial Officer.

Effective June 29, 2022, we welcomed two new independent directors, Wai-Fong Au and Carolyn Schuetz, to our Board of Directors.

Launched Normal Course Issuer Bid ("NCIB")

On February 3, 2022, we received approval from the Toronto Stock Exchange ("TSX") to enter into a NCIB. Pursuant to the NCIB, we were permitted to purchase for cancellation up to 1,345,142 of our outstanding common shares during the period from February 8, 2022 to February 7, 2023. The total number of common shares that we were permitted to purchase was subject to a daily purchase limit of 20,336 common shares, other than block purchase exemptions. During the year ended December 31, 2022, we purchased 155,400 common shares for cancellation under the NCIB at a weighted average price of approximately $48.54 per common share.

Completed Restructuring Activities

Throughout 2022, we implemented a restructuring program that resulted in restructuring costs of $38.9 million for the year. This program was completed at the end of the year. Approximately $9.8 million of the costs related to rationalizing our leased office space in certain markets. The remainder of the restructuring costs were primarily related to employee severance costs reflecting the synergies we obtained from recent acquisitions, efficiencies gained from investments in technology, and the ongoing evolution of our operating models in support of our strategic initiatives.

Implemented Interest Rate Hedging

On April 29, 2022, we entered into interest rate swap agreements for a total notional amount of GBP57.0 million. Under the agreement, we are obligated to pay the counterparty to the swap agreements an amount based upon a fixed interest rate of 2.07% per annum and the counterparty is obligated to pay us an amount equal to the GBP - SONIA. These agreements expire on April 13, 2027.

Acquired Rethink Solutions Inc.

On May 1, 2022, we acquired all of the issued and outstanding shares of Rethink Solutions for $40.7 million, subject to adjustments. Founded in 2001 in Toronto, Rethink Solutions developed the itamlink property tax management software, a comprehensive tax management solution used by many organizations across the U.S. and Canada to optimize property tax processes. The acquisition added a complementary software offering, property tax-focused technical talent and strong customer relationships. It is also an important building block for our technology strategy to develop an end-to-end property tax management platform, representing significant time and cost savings to bring it to market. Rethink Solutions results are reported under our Property Tax reportable segment.

Increased Long-Term Equity Incentive Plan Share Pool

On May 3, 2022, our shareholders approved a resolution to increase the number of authorized common shares to be reserved for issuance under our Long-Term Equity Incentive Plan. The resolution increased the maximum number of common shares reserved for issuance by 2,689,000 shares, from 4,075,000 shares to 6,764,000 shares.

Purchase of Verifino Non-controlling Interest

On May 3, 2022, we purchased the remaining 30% minority interest in Verifino GmbH & Co. KG ("Verifino") and settled our non-controlling interest liability for $2.8 million in cash. We acquired our interest in Verifino through the acquisition of Finance Active in 2021, which owned a 70% majority interest in the subsidiary at the time of the acquisition.

Amended Bank Credit Facilities

On June 28, 2022, we amended our bank credit facilities to further strengthen our financial and liquidity position by increasing our borrowing capacity to $550.0 million from $400.0 million with certain provisions that allow us to further increase the limit to $650.0 million. The amended bank credit facilities also include an increase to the maximum Funded debt to EBITDA financial covenant ratio from 4.0 to 4.5 with provisions that allow for a short-term increase up to 5.0 following certain business acquisitions and are secured on certain of our assets. The bank credit facilities mature on March 24, 2027, with an additional two-year extension available at our option.

Launched Employee Share Purchase Plan

During the third quarter of 2022, we launched an Employee Share Purchase Plan ("ESPP"). Under the terms of this plan, employees may contribute up to 8% of their base salary or base hourly wages toward the purchase of our shares. For each eligible contribution, we contribute an additional 33% of the employees' contribution toward their purchase of our shares, up to an annual limit per employee each year. These shares will be purchased from the open market at the prevailing market price on the date of purchase.

5.3. Annual Operating Highlights – Events After the Reporting Period

Renewed NCIB

On February 3, 2023, the TSX approved the renewal of our NCIB. Pursuant to the NCIB, we may purchase for cancellation up to 1,364,718 of our outstanding common shares during the period from February 8, 2023 to February 7, 2024, representing approximately 3% of its issued and outstanding common shares as of January 31, 2023. The total number of common shares that we are permitted to purchase is subject to a daily purchase limit of 17,933 common shares, representing 25% of the average daily trading volume as of January 31, 2023, other than block purchase exemptions. The Company intends to enter into an automatic share purchase plan with a designated broker in relation to the NCIB following the end of its current blackout period.

6. Discussion of Operations

Quarter and Year Ended December 31, 2022

	Quarter ended December 31,				Year ended December 31,			
In thousands of dollars		**2022**		2021		**2022**		2021
Revenues	$	183,762	$	162,909	$	735,451	$	625,387
Expenses								
Employee compensation		114,015		107,334		463,949		401,455
Occupancy		1,567		1,925		7,032		7,743
Office and other operating		37,541		32,254		152,893		123,023
Depreciation of right-of-use assets		2,831		3,209		11,968		12,119
Depreciation and amortization		11,290		9,815		47,557		34,463
Acquisition and related transition costs (income)		207		2,025		4,928		10,137
Share of (profit) loss of joint venture		(786)		(745)		(3,013)		(1,187)
Restructuring costs (recovery)		17,001		(238)		38,896		15
(Gain) loss on investments		47		(1,091)		164		(2,930)
Finance costs (income), net - leases		463		515		1,913		2,219
Finance costs (income), net - other		7,918		1,322		5,284		4,130
Profit (loss) before income taxes		(8,332)		6,584		3,880		34,200
Income tax expense (recovery)		427		(306)		4,769		8,627
Profit (loss) for the period	$	(8,759)	$	6,890	$	(889)	$	25,573

Revenues

Revenues were $183.8 million for the quarter ended December 31, 2022, up 12.8% (10.3% on a Constant Currency* basis) or $20.9 million ($16.8 million on a Constant Currency basis) from $162.9 million in the same period in 2021. Organic Revenue* growth was 10.1% (7.8% on a Constant Currency basis) for the quarter ended December 31, 2022. For the year ended December 31, 2022, revenues were $735.5 million, up 17.6% (17.8% on a Constant Currency basis) or $110.1 million ($111.2 million on a Constant Currency basis) from $625.4 million in 2021. Organic Revenue growth was 12.0% (12.7% on a Constant Currency basis) for the year ended December 31, 2022. For the quarter and year ended December 31, 2022, the revenue growth was driven by strong performance at Analytics.

Employee Compensation

Employee compensation represents amounts pertaining to employee salaries, bonuses, benefits, share-based compensation, and gains or losses on equity derivatives related to our RSUs and DSUs. Employee compensation was $114.0 million for the quarter ended December 31, 2022, up 6.2% or $6.7 million from $107.3 million in the same period in 2021. The increase in employee compensation was due to headcount additions mainly within Altus Analytics including the acquisition of Scryer, Inc. d/b/a Reonomy) ("Reonomy") ($3.5 million), the acquisition of Rethink Solutions ($1.0 million), and increased expense related to the accounting treatment of common shares issued in connection with our acquisitions and other share-based compensation ($1.9 million). For the year ended December 31, 2022, employee compensation was $463.9 million, up 15.6% or $62.4 million from $401.5 million in 2021. The increase in employee compensation was mainly due to headcount additions mainly within Analytics

including the acquisitions of Finance Active, StratoDem Analytics, and Scryer, Inc. (d/b/a Reonomy) ($34.5 million), the acquisition of Rethink Solutions ($2.5 million), increased expense related to the accounting treatment of common shares issued in connection with our acquisitions and other share-based compensation ($10.3 million), and other increases in headcount and compensation to support our growth. For the quarter and year ended December 31, 2022, employee compensation as a percentage of revenues was 62.0% and 63.1%, as compared to 65.9% and 64.2% in the corresponding periods in 2021, respectively.

Occupancy

Occupancy represents amounts pertaining to short-term leases, low-value assets, and variable lease payments including property taxes, utilities, and common area maintenance costs. Occupancy was $1.6 million for the quarter ended December 31, 2022, down 18.6% or $0.3 million from $1.9 million in the same period in 2021. For the year ended December 31, 2022, occupancy was $7.0 million, down 9.2% or $0.7 million from $7.7 million in 2021. Occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 would have been $4.5 million and $19.0 million for the quarter and year ended December 31, 2022, as compared to $5.4 million and $20.9 million in the corresponding periods in 2021, respectively. The reduction in occupancy was primarily due to our rationalization of our leased office space in certain markets. For the quarter and year ended December 31, 2022, occupancy as a percentage of revenues was 0.9% and 1.0%, as compared to 1.2% and 1.2% in the corresponding periods in 2021, respectively. Occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 as a percentage of revenues would have been 2.4% and 2.6% for the quarter and year ended December 31, 2022, as compared to 3.3% and 3.3% in the corresponding periods in 2021, respectively.

Office and Other Operating Costs

Office and other operating costs represent amounts related to hosting fees, software and data subscriptions, professional fees, travel and entertainment, insurance, office supplies, foreign exchange gains or losses, bad debt expenses, and other service costs. From time to time, it also includes income or costs not classified elsewhere in the statement of comprehensive income (loss). Office and other operating costs were $37.5 million for the quarter ended December 31, 2022, up 16.4% or $5.2 million from $32.3 million in the same period in 2021, primarily due to increased Information Technology spend post the cybersecurity incident ($2.1 million), increased travel and marketing costs ($4.0 million), offset by lower professional fees ($1.0 million). For the year ended December 31, 2022, office and other operating costs were $152.9 million, up 24.3% or $29.9 million from $123.0 million in 2021. The increase was primarily due to the inclusion of full-year operating costs from business acquisitions and related changes to our operating model ($13.2 million), increased travel and marketing costs ($10.4 million), and increased Information Technology spend post the cybersecurity incident ($10.0 million). These were slightly offset by lower bad debts and foreign exchange gains. For the quarter and year ended December 31, 2022, office and other operating costs as a percentage of revenues were 20.4% and 20.8%, as compared to 19.8% and 19.7% in the corresponding periods in 2021, respectively.

Depreciation of Right-of-Use Assets

Depreciation of right-of-use assets represents the depreciation charge of our office and equipment leases that are capitalized as right-of-use assets and was $2.8 million and $12.0 million for the quarter and year ended December 31, 2022, as compared to $3.2 million and $12.1 million in the corresponding periods in 2021, respectively. The decrease for the quarter and year ended December 31, 2022 was primarily due to benefits being realized from our efforts to rationalize our leased office space.

Depreciation and Amortization

Depreciation and amortization represent the depreciation charge of our property, plant and equipment and amortization charge of our intangible assets, and were $11.3 million and $47.6 million for the quarter and year ended December 31, 2022, as compared to $9.8 million and $34.5 million in the corresponding periods in 2021, respectively. The increase was mainly due to the amortization of intangible assets related to acquisitions.

Acquisition and Related Transition Costs (Income)

Acquisition and related transition costs (income) represent amounts related to professional fees for due diligence and facilitating the purchase and integration of our acquisitions, and the subsequent changes in the fair value of our acquisition-related contingent consideration payables. Acquisition and related transition costs (income) were $0.2 million and $4.9 million for the quarter and year ended December 31, 2022, as compared to $2.0 million and $10.1 million in the corresponding periods in 2021, respectively. Costs incurred for the quarter and year ended December 31, 2022 were primarily related to the acquisition of Rethink Solutions and the integrations of Finance Active and Reonomy which are largely complete.

Share of (Profit) Loss of Joint Venture

Share of (profit) loss of joint venture represents our share of the profit/loss in GeoVerra Inc. (“GeoVerra”) and was $(0.8) million and $(3.0) million for the quarter and year ended December 31, 2022, as compared to $(0.7) million and $(1.2) million in the corresponding periods in 2021, respectively.

Restructuring Costs (Recovery)

Restructuring costs (recovery) represent amounts related to employee termination benefits, lease and other contract terminations, and professional fees to facilitate the reorganization of our functions and structure and the closure of offices. Restructuring costs (recovery) were $17.0 million and $38.9 million for the quarter and year ended December 31, 2022, as compared to $(0.2) million and $nil in the corresponding periods in 2021, respectively. Costs of $29.1 million incurred in the year ended December 31, 2022 relate to our 2022 global restructuring program, which primarily included employee severance costs reflecting the synergies we obtained from recent acquisitions, efficiencies gained from investments in technology, and the ongoing evolution of our operating models in support of our strategic initiatives. The remainder of the costs of approximately $9.8 million related to rationalizing our leased office space in certain markets.

(Gain) Loss on Investments

(Gain) loss on investments represents the changes in the fair value of our investments in partnerships and was $nil and $0.2 million for the quarter and year ended December 30, 2022, as compared to $(1.1) million and $(2.9) million in the corresponding periods in 2021, respectively.

Finance Costs (Income), Net

Finance costs (income), net represents amounts related to interest incurred on our credit facility borrowings, lease liabilities, or long-term payables. It also includes income received from short-term investments and deposits, and gains or losses from changes in fair value of interest rate swaps. Finance costs (income), net for the quarter ended December 31, 2022 were $8.4 million, up 356.2% or $6.6 million from $1.8 million in the same period in 2021. Our finance costs for the quarter increased primarily due to rising interest rates and costs on our bank credit facilities, and the change in fair value of our interest rate swaps. For the year ended December 31, 2022, finance costs (income), net were $7.2 million, up 13.4% or $0.9 million from $6.3 million in 2021. Our finance costs for the year increased primarily due to rising interest rates and costs on our bank credit facilities drawn for acquisitions, offset by the change in fair value of our interest rate swaps and lower interest costs on our leases.

Income Tax Expense (Recovery)

Income tax expense (recovery) for the quarter and year ended December 31, 2022 was $0.4 million and $4.8 million, as compared to $(0.3) million and $8.6 million in the corresponding periods in 2021, respectively. A significant amount of our earnings is derived outside of Canada and as a result a change in the mix of earnings and losses in countries with differing statutory tax rates has impacted our effective tax rates for the quarter and year ended December 31, 2022.

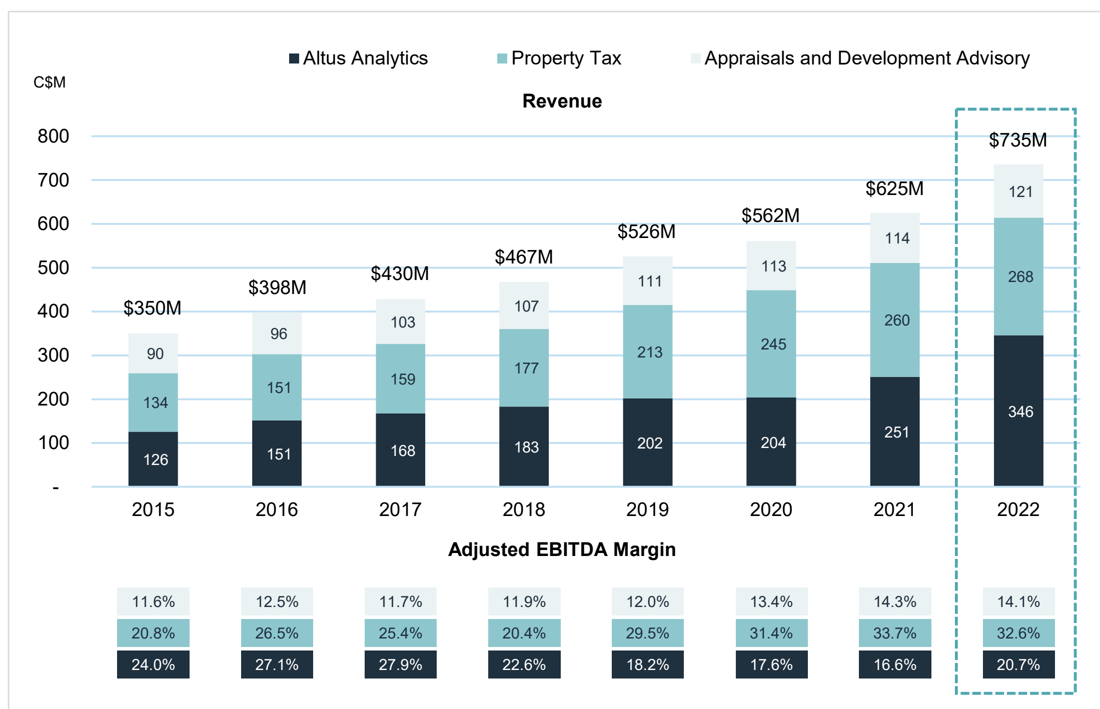
Profit (loss)

Profit (loss) for the quarter ended December 31, 2022 was $(8.8) million and $(0.20) per share, basic and diluted, as compared to $6.9 million and $0.16 per share, basic and $0.15 diluted, in the same period in 2021. The greatest driver of the change were costs associated to our 2022 global restructuring program, the increase in our interest costs and fair value loss on our interest rate swaps. For the year ended December 31, 2022, profit (loss) was $(0.9) million and $(0.02) per share, basic and diluted, as compared to $25.6 million and $0.62 per share, basic and $0.60 per share, diluted, in 2021. The biggest impact on the year-over-year change was the 2022 global restructuring program and amortization of our acquired intangibles.

6.1. Revenues and Adjusted EBITDA by Reportable Segment

Revenues	Quarter ended December 31,				Year ended December 31,			
In thousands of dollars	**2022**	2021	% Change	Constant Currency % Change	**2022**	2021	% Change	Constant Currency % Change
Analytics	$ 96,061	$ 72,407	32.7%	27.1%	$ 346,103	$ 251,084	37.8%	36.4%
Property Tax	55,830	60,060	(7.0%)	(7.3%)	268,583	259,911	3.3%	4.8%
Appraisals and Development Advisory	32,049	30,517	5.0%	5.6%	121,469	114,693	5.9%	6.7%
Intercompany eliminations	(178)	(75)	(137.3%)	(136.8%)	(704)	(301)	(133.9%)	(133.8%)
Total	$ 183,762	$ 162,909	12.8%	10.3%	$ 735,451	$ 625,387	17.6%	17.8%

Adjusted EBITDA	Quarter ended December 31,				Year ended December 31,			
In thousands of dollars	**2022**	2021	% Change	Constant Currency % Change	**2022**	2021	% Change	Constant Currency % Change
Analytics	$ 25,824	$ 10,698	141.4%	133.0%	$ 71,730	$ 41,567	72.6%	68.9%
Property Tax	14,412	18,222	(20.9%)	(21.0%)	87,533	87,616	(0.1%)	2.1%
Appraisals and Development Advisory	5,578	5,948	(6.2%)	(5.6%)	17,099	16,440	4.0%	4.7%
Corporate	(10,886)	(9,007)	(20.9%)	(21.4%)	(41,040)	(35,868)	(14.4%)	(15.6%)
Total	$ 34,928	$ 25,861	35.1%	31.4%	$ 135,322	$ 109,755	23.3%	23.4%



6.2. Operations by Reportable Segment

Analytics								
	Quarter ended December 31,				Year ended December 31,			
In thousands of dollars	**2022**	2021	% Change	Constant Currency % Change	**2022**	2021	% Change	Constant Currency % Change
Revenues	$ 96,061	$ 72,407	32.7%	27.1%	$ 346,103	$ 251,084	37.8%	36.4%
Adjusted EBITDA	$ 25,824	$ 10,698	141.4%	133.0%	$ 71,730	$ 41,567	72.6%	68.9%
Adjusted EBITDA margin	26.9%	14.8%			20.7%	16.6%		
Other Measures								
Recurring Revenue*	$ 85,834	$ 59,802	43.5%	37.8%	$ 301,709	$ 207,805	45.2%	43.7%
New Bookings*	$ 34,173	$ 31,119	9.8%	3.6%	$ 112,540	$ 95,066	18.4%	15.3%
Recurring New Bookings*	$ 20,849	$ 17,150	21.6%	14.6%	$ 74,434	$ 48,017	55.0%	44.5%
Non-Recurring New Bookings*	$ 13,324	$ 13,969	(4.6%)	(9.8%)	$ 38,106	$ 47,049	(19.0%)	(14.4%)
AE Software Maintenance Retention Rate*	97%	94%			97%	94%		
Geographical revenue split								
North America	79%	75%			77%	75%		
International	21%	25%			23%	25%		
Cloud Adoption Rate* (as at end of period)	64%	42%			64%	42%		

Revenues

Fourth quarter revenues were $96.1 million, up 32.7% (27.1% on a Constant Currency basis) or $23.7 million ($19.6 million on a Constant Currency basis) from $72.4 million in the same period in 2021. Organic Revenue growth was 28.3% (23.1% on a Constant Currency basis) whereas the acquisition of Reonomy represented 4.4% of the total 32.7% revenue growth. The purchase price accounting adjustment to Reonomy's deferred revenues had a negative impact of $0.1 million, or 0.1%, to revenue growth.

Full year revenues were $346.1 million, up 37.8% (36.4% on a Constant Currency basis) or $95.0 million ($91.3 million on a Constant Currency basis) from $251.1 million in 2021. Organic Revenue growth was 25.0% (23.8% on a Constant Currency basis) whereas the acquisitions of Finance Active, StratoDem Analytics and Reonomy represented 12.8% of the total 37.8% revenue growth. The purchase price accounting adjustment to Reonomy's deferred revenues had a negative impact of $2.0 million, or 0.8%, to revenue growth.

Revenue growth in the fourth quarter and full year was primarily driven by customer expansion across our key solutions and supported by steady new customer additions. While most of our growth continues to come from North America, we also posted notable growth internationally in 2022, both in Europe and Asia Pacific.

Recurring Revenue

Fourth quarter Recurring Revenue was $85.8 million, up 43.5% (37.8% on a Constant Currency basis) or $26.0 million ($22.6 million on a Constant Currency basis) from $59.8 million in the same period in 2021. Organic Recurring Revenue* was up 38.2% (up 32.5% on a Constant Currency basis). Sequentially, Recurring Revenue grew 11.6% from $76.9 million in the third quarter of 2022.

Full year Recurring Revenue was $301.7 million, up 45.2% (43.7% on a Constant Currency basis) or $93.4 million ($90.8 million on a Constant Currency basis) from $207.8 million in 2021. Organic Recurring Revenue was up 34.6% (up 28.6% on a Constant Currency basis).

New Bookings

Fourth quarter New Bookings were $34.2 million, up 9.8% (3.6% on a Constant Currency basis) or $3.1 million ($1.1 million on a Constant Currency basis) from $31.1 million in the same period in 2021. Organic New Bookings* growth was 8.6% (2.4% on a Constant Currency basis) from the same period in 2021. Recurring New Bookings were up 21.6% (14.6% on a Constant Currency basis).

Full year New Bookings were $112.5 million, up 18.4% (15.3% on a Constant Currency basis) or $17.4 million ($14.6 million on a Constant Currency basis) from $95.1 million in 2021. Organic New Bookings growth was 11.7% (8.2% on a Constant Currency basis) from 2021. Recurring New Bookings were up 55.0% (44.5% on a Constant Currency basis).

Adjusted EBITDA

Fourth quarter Adjusted EBITDA was $25.8 million, up 141.4% (133.0% on a Constant Currency basis) or $15.1 million ($14.2 million on a Constant Currency basis) from $10.7 million in the same period in 2021. Adjusted EBITDA margin was 26.9%, up 1,210 basis points. Adjusted EBITDA growth and margin expansion benefitted from higher revenues, improving operating efficiencies, ongoing cost optimization efforts, and foreign exchange fluctuations.

Full year Adjusted EBITDA was $71.7 million, up 72.6% (68.9% on a Constant Currency basis) or $30.1 million ($28.6 million on a Constant Currency basis) from $41.6 million in 2021. Adjusted EBITDA margin improved by 410 basis points. Adjusted EBITDA growth and margin expansion benefitted from higher revenues, improving operating efficiencies, ongoing cost optimization efforts, and foreign exchange fluctuations. The purchase price accounting adjustments had a 40 basis points impact to Adjusted EBITDA margin.

Property Tax

In thousands of dollars	Quarter ended December 31, 2022	2021	% Change	Constant Currency % Change	Year ended December 31, 2022	2021	% Change	Constant Currency % Change
Revenues	$ 55,830	$ 60,060	(7.0%)	(7.3%)	$ 268,583	$ 259,911	3.3%	4.8%
Adjusted EBITDA	$ 14,412	$ 18,222	(20.9%)	(21.0%)	$ 87,533	$ 87,616	(0.1%)	2.1%
Adjusted EBITDA margin	25.8%	30.3%			32.6%	33.7%		

Revenues

Fourth quarter revenues were $55.8 million, down 7.0% (7.3% on a Constant Currency basis) or $4.3 million ($4.4 million on a Constant Currency basis) from $60.1 million in the same period in 2021. The robust growth in the U.S. and steady performance in Canada was offset by a decline in the U.K. which continued to be impacted by the ongoing slowed cadence of settlement volumes. Our U.K. pipeline of cases to be settled in upcoming quarters remains robust.

Full year revenues were a record $268.6 million, up 3.3% (4.8% on a Constant Currency basis) or $8.7 million ($12.6 million on a Constant Currency basis) from $259.9 million in 2021. The growth from the U.S. and Canada was offset by a decline in the U.K. which was impacted by the slowed cadence of settlement volumes.

Adjusted EBITDA

Fourth quarter Adjusted EBITDA was $14.4 million, down 20.9% (21.0% on a Constant Currency basis) or $3.8 million ($3.8 million on a Constant Currency basis) from $18.2 million in the same period in 2021. Adjusted EBITDA was down primarily due to the impacts of the slow settlement volumes in the U.K., more than offsetting the growth from the U.S. operations.

Full year Adjusted EBITDA was $87.5 million, down 0.1% (2.1% on a Constant Currency basis) or $0.1 million ($1.8 million on a Constant Currency basis) from $87.6 million in 2021. The decline in the U.K. was offset by the growth from the U.S. operations.

Appraisals and Development Advisory								
	Quarter ended December 31,				Year ended December 31,			
In thousands of dollars	**2022**	2021	% Change	Constant Currency % Change	**2022**	2021	% Change	Constant Currency % Change
Revenues	$ 32,049	$ 30,517	5.0%	5.6%	$ 121,469	$ 114,693	5.9%	6.7%
Adjusted EBITDA	$ 5,578	$ 5,948	(6.2%)	(5.6%)	$ 17,099	$ 16,440	4.0%	4.7%
Adjusted EBITDA margin	17.4%	19.5%			14.1%	14.3%		

Revenues

Fourth quarter revenues were $32.0 million, up 5.0% (5.6% on a Constant Currency basis) or $1.5 million ($1.7 million on a Constant Currency basis) from $30.5 million in the same period in 2021. Growth was driven by strong performance in Development Advisory, both in Canada and in the APAC region, supported by large public sector projects.

Full year revenues were $121.5 million, up 5.9% (6.7% on a Constant Currency basis) or $6.8 million ($7.7 million on a Constant Currency basis) from $114.7 million in 2021. Growth was driven by strong performance in Development Advisory, both in Canada and in the APAC region, supported by large public sector projects. On a year-over-year basis, in 2021 the Appraisals practice had some impact from the cybersecurity incident.

Adjusted EBITDA

Fourth quarter Adjusted EBITDA was $5.6 million, down 6.2% (5.6% on a Constant Currency basis) or $0.3 million ($0.3 million on a Constant Currency basis) from $5.9 million in the same period in 2021. Adjusted EBITDA improved on increased revenues from the Development Advisory practice. The decline in margin for the quarter comes from a number of one-time expense recoveries that occurred during the comparative quarter.

Full year Adjusted EBITDA was $17.1 million, up 4.0% (4.7% on a Constant Currency basis) or $0.7 million ($0.8 million on a Constant Currency basis) from $16.4 million in 2021. Adjusted EBITDA improved on increased revenues from the Development Advisory practice.

6.3. Corporate Costs

Corporate costs

Corporate costs were $10.9 million for the quarter ended December 31, 2022, as compared to $9.0 million in the same period in 2021. Corporate costs were $41.0 million for the year ended December 31, 2022, as compared to $35.9 million in 2021. Corporate costs increased primarily due to higher expenditures in Information Technology, compensation, travel, professional fees, and costs related to organizational and strategic initiatives.

7. Business Outlook

Forecasting future results or trends is inherently difficult for any business and actual results or trends may vary significantly. The discussion of our expectations relating to the business outlook in this section is forward-looking information that is based upon the assumptions and subject to the material risks discussed under the heading "Forward-Looking Information" beginning on page 1 of this MD&A.

Altus Group is well positioned in 2023 to sustain year-over-year Constant Currency growth in our consolidated revenue and Adjusted EBITDA. Our strong execution in 2022 enables us to capitalize on continued momentum and meet growing demand from our customers. Our outlook is underpinned by the execution of our growth strategy and the visibility we have into our revenue backlog and pipeline of our various recurring and highly repeatable revenue streams. Our business outlook for 2023 includes double-digit revenue and Adjusted EBITDA growth in Analytics, a down year in Property Tax due to market cyclicality, and single-digit revenue and Adjusted EBITDA growth in Appraisals and Development Advisory – all on an organic, Constant Currency basis over fiscal year 2022.

We continue to closely monitor leading indicators and the impact of inflation and interest rate increases on our industry and customer activity. Our business continues to be resilient, and we have flexibility to respond to changing client needs and to pursue our business strategy across various economic cycles and market environments. The investments we made in 2022 to enhance our operational effectiveness provide us with sustainable improvements in our cost structure that give us confidence in our ability to successfully navigate a dynamic global business environment.

We maintain a positive growth outlook in the medium to long term and are poised for continued profitable growth as we maximize revenue opportunities and enhance our operating leverage over the next few years.

2023 outlook by reportable segment	
Analytics	• Analytics remains well positioned to deliver double-digit revenue growth and expanded Adjusted EBITDA margins. This is underpinned by a strong Recurring Revenue base and steady New Bookings growth. We expect that margin expansion will be driven by higher revenues, disciplined expense management and an overall improvement in operating efficiencies. • With 64% of our AE user base contracted on the cloud as at the end of 2022, we expect sustained adoption throughout 2023 to capture the large majority of users by the end of 2023. *In 2019, we introduced a long-term aspirational goal to achieve $400 million in revenue in Analytics for fiscal 2023. In fiscal 2022, we re-affirmed that we were on track to meet this aspirational long-term goal by the end of 2023. We remain confident in this statement. Our confidence is based on strong New Bookings, a growing Recurring Revenue base, and the high contract renewal rates from our legacy clients. $400 million revenue in 2023 would represent a 15.6% growth rate over 2022. That compares to an Organic Revenue growth of 23.8% (at Constant Currency) in 2022. Please refer to our "forward looking information" on page 1 for more information on the risks and assumptions.*

2023 outlook by reportable segment	
Property Tax	• The Property Tax revenues and Adjusted EBITDA are expected to decline year-over-year primarily driven by cyclicality of the U.K. tax assessments. We will continue to invest in our go-to-market activities to expand our client base and backlog of tax appeals. o In the U.K., we will commence a new tax cycle that was previously extended due to pandemic related factors. As detailed on page 12 of this MD&A, the majority of our U.K. clients are billed on annuity contracts through which we receive a percentage of the fees we save them per year. This annuity revenue stream resets the first year of a new cycle. On a comparative view, the portion of our revenues related to the annuity stream (which was $33.2 million in 2022) will not repeat in 2023. The annuity revenue stream will begin to build again in 2024 as we add more clients throughout the cycle. The anticipated growth from other markets is not expected to fully offset the financial impact of the cyclicality of our U.K. annuity billings. o Additionally, in Ontario, a key market for the Canadian operations, the tax cycle is expected to be extended for an additional year. The prolonged extension of the cycle generally limits revenue growth as we will have already addressed the more substantive appeals.
Appraisals and Development Advisory	• Appraisals and Development Advisory is expected to continue growing modestly in the single-digits. Our focus on operating efficiencies is expected to translate to an improvement in Adjusted EBITDA.

**The business outlook is presented on an organic Constant Currency basis over fiscal 2022.*

Seasonality and Cyclicality

Some of our businesses are subject to cyclical trends and seasonality that may impact overall quarterly results.

As is typical for many technology companies, Analytics tends to have a seasonally stronger fourth quarter, and first quarter revenue and Adjusted EBITDA margins of a new year may be sequentially lower than in the fourth quarter of the preceding year (excluding the impact of unusual or nonrecurring items). We believe the strength in the fourth quarter generally reflects customer spending patterns and budget cycles, as well as the impact of incentive compensation plans for our sales personnel. The first quarter of a new year also includes additional expenses, such as payroll taxes, that impact the sequential Adjusted EBITDA margin trend.

The Property Tax reportable segment experiences stronger second quarters driven by the annuity billings (as described above and on page 12 of the MD&A), however only starting in the second year of a new cycle. In the U.S., where market cycles are annual, we also tend to experience higher volumes of settlements in the second and third quarters. Overall, the Property Tax reportable segment tends to experience more quarterly variability due to timing of contingency settlements and other factors, such as the wide-ranging variety of tax cycles across our various jurisdictions (which range from annual to several years). It should also be noted that since a higher portion of our revenues come from contingency contracts, the front-end of a cycle typically requires a ramp-up period in preparation for the appeals. Therefore, it tends to have lower earnings than later in the cycle, when more settlements are made and a high majority of those revenues flow directly to the bottom line.

While these seasonal and cyclical factors have historically been relevant, given the evolution of our businesses through our growth and acquisitions, this pattern should not be considered as a reliable indicator of our future revenue or financial performance. Many other factors, including general economic conditions, may also have an impact on our business and financial results, and are described in our Annual Information Form for the year ended December 31, 2021.

8. Liquidity and Capital Resources

Cash Flow		Year ended December 31,
In thousands of dollars	**2022**	2021
Net cash related to operating activities	$ 77,085	$ 56,308
Net cash related to financing activities	(18,665)	300,430
Net cash related to investing activities	(54,057)	(373,315)
Effect of foreign currency translation	(367)	(1,789)
Change in cash position during the year	$ 3,996	$ (18,366)
Free Cash Flow	$ 52,605	$ 45,679
Dividends paid	$ 24,699	$ 21,564

We expect to fund operations with cash on hand and cash derived from operating activities. Deficiencies arising from short-term working capital requirements and capital expenditures may be financed on a short-term basis with bank indebtedness or on a permanent basis with offerings of securities. Our liquidity may be affected by a reduction to future cash generated from operating activities, or by a limitation of access to short-term financing and tightening credit markets due to factors such as: significant erosion in the general state of the economy, prolonged impacts of the COVID-19 pandemic, or further unforeseen impacts of the cybersecurity incident. In 2022, we further amended and expanded our bank credit facilities to continue strengthening our liquidity position. For further details regarding the amendments, refer to the “Cash from Financing Activities” discussion below and Note 21 - Borrowings in the notes to the annual financial statements.

We returned $27.1 million to shareholders in 2022 through quarterly dividends of $0.15 per common share, or $0.60 per common share for the year.

8.1. Cash from Operating Activities

Working Capital		
In thousands of dollars	**December 31, 2022**	December 31, 2021
Current assets	$ 319,878	$ 283,734
Current liabilities	239,860	209,931
Working capital	$ 80,018	$ 73,803

Current assets are composed primarily of cash and cash equivalents and trade receivables and other. It also includes income taxes recoverable and derivative financial instruments for our equity derivatives on RSUs and DSUs. The increase is primarily due to the generation of cash and cash equivalents and additional contract assets (unbilled revenue on customer contracts) from operations.

Current liabilities are composed primarily of trade payables and other, and lease liabilities. It also includes income taxes payable. The increase is primarily due to the increase in contract liabilities (deferred revenue) and provisions related to our 2022 global restructuring program.

As at December 31, 2022, trade receivables, net and contract assets (unbilled revenue on customer contracts) net of contract liabilities (deferred revenue) were $134.9 million, up 7.3% or $9.1 million from $125.8 million as at December 31, 2021. As a percentage of the trailing 12-month revenues, trade receivables and unbilled revenue on customer contracts net of deferred revenue was 18.3% as at December 31, 2022, as compared to 19.2% as at December 31, 2021.

Our DSO* was 62 days as at December 31, 2022, as compared to 72 days as at December 31, 2021, representing our ability to convert revenue into cash which has returned back to pre-COVID levels. This is in addition to our revenue mix continuing to increasingly shift to a subscription-based model under which our customers are billed on or in advance of the commencement of agreements.

Current and long-term liabilities include amounts owing to the vendors of acquired businesses on account of excess working capital, contingent consideration payable, deferred purchase price payments and other closing adjustments. As at December 31, 2022, the amounts owing to the vendors of acquired businesses were $7.5 million, as compared to $10.0 million as at December 31, 2021. We intend to satisfy the payments with cash on hand.

We expect to satisfy the balance of our current liabilities through the realization of our current assets.

Changes in working capital affecting net cash generated by (used in) operations

In thousands of dollars	**December 31, 2022**	December 31, 2021
Net changes in:		
Operating working capital	$ 177	$ (34,831)
Liabilities for cash-settled share-based compensation	(5,303)	9,199
Deferred consideration payables	(3,384)	6,668
Contingent consideration payables	3,010	132
Net changes	$ (5,500)	$ (18,832)

Operating working capital is composed primarily of trade receivables and other, trade payables and other excluding the impacts of liabilities for cash-settled share-based compensation and contingent consideration payables, and income taxes recoverable and payable. The movement in operating working capital was primarily driven by additional contract assets resulting from increased activity levels, offset by an increase in our contract liabilities resulting from growth in New Bookings, in addition to an increase in our restructuring provision due to the global restructuring program.

Liabilities for cash-settled share-based compensation represent awards granted through our Long-Term Incentive Restricted Share Unit Plan, Restricted Share Unit Plan, or Deferred Share Unit Plan, which are to be settled in the future. These liabilities are linked, and therefore exposed, to movements in the price of our common shares. The decrease in liabilities for cash-settled share-based compensation was primarily due to the decrease in the closing price of our common shares from $70.97 per share on December 31, 2021 to $54.04 per share on December 31, 2022. For further details regarding liabilities for cash-settled share-based compensation, refer to Note 26 - Share-based Compensation in the notes to the financial statements.

From time to time, we become party to deferred or contingent consideration payables which are assumed as part of an acquisition. Deferred consideration payments represent unconditional portions of the purchase consideration of our acquisitions that are payable at a date after the closing date of the related transaction. The decrease in deferred consideration payables was due to the payment made in relation to our acquisition of Finance Active in April of 2021. Contingent consideration payments are generally based on acquired businesses achieving certain future-oriented performance targets from the date of acquisition and may differ from our initial estimates. The

movement in contingent consideration payables was primarily due to the recognition of a $3.0 million contingent consideration payable related to the acquisition of Rethink Solutions during the second quarter of 2022.

8.2. Cash from Financing Activities

Our revolving bank credit facilities are unsecured and used for general corporate purposes and the funding of our acquisitions. From time to time, we amend our bank credit facilities to further strengthen our liquidity position. Most recently, on June 28, 2022, we further amended our bank credit facilities to increase our borrowing capacity from $400.0 million to $550.0 million, with certain provisions that allow us to further increase the limit to $650.0 million. The bank credit facilities mature on March 24, 2027, with an additional two-year extension available at our option.

As at December 31, 2022, our total borrowings on our bank credit facilities amounted to $319.6 million, an increase of $32.0 million from December 31, 2021, primarily to fund the acquisition of Rethink Solutions as well as working capital and operational requirements. We continue to pay down the total outstanding balance with cash flows generated from our operations.

Loans under the bank credit facilities bear interest at a floating rate, based on the Canadian prime rates, Canadian bankers' acceptance rates, U.S. base rates, or SONIA, SOFR, and €STR rates plus, in each case, an applicable margin to those rates. The applicable margin for Canadian bankers' acceptance and SONIA, SOFR and €STR borrowings depends on a trailing four-quarter calculation of the Funded debt to EBITDA ratio. The weighted average effective rate of interest for the year ended December 31, 2022 on our bank credit facilities was 3.66%, as compared to 1.58% in 2021. To mitigate our exposure to interest rate fluctuations, on April 29, 2022, we entered into interest rate swap agreements for a total notional amount of GBP57.0 million to pay the counterparties a fixed interest rate of 2.07% per annum in exchange for an amount equal to the GBP - SONIA.

In addition, the Company and certain of its subsidiaries, collectively the guarantors, must account for at least 80% of consolidated revenues on a trailing 12-month basis. The bank credit facilities require repayment of the principal at such time as we receive proceeds of insurance, equity or debt issuances, or sale of assets in excess of certain thresholds. Letters of credit are also available on customary terms for bank credit facilities of this nature. Furthermore, we have provided a security interest to the lenders over certain of our assets in connection with the bank credit facilities.

We also have outstanding letters of credit under our bank credit facilities in the total amount of $1.5 million (December 31, 2021 - $1.5 million).

As at December 31, 2022, we were in compliance with the financial covenants and other requirements of our amended bank credit facilities. The financial covenants are summarized below:

	December 31, 2022
Funded debt to EBITDA (maximum of 4.50:1)	2.13:1
Interest coverage (minimum of 3.00:1)	11.56:1

Other than long-term debt and letters of credit, we are subject to other contractual obligations, such as leases and amounts owing to the vendors of acquired businesses as discussed above.

Contractual Obligations [1]	Payments Due by Period (undiscounted)				
In thousands of dollars	Total	Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years
Bank credit facilities	$ 319,584	$ -	$ -	$ 319,584	$ -
Lease obligations	65,083	16,455	24,827	14,255	9,546
Deferred consideration payables	3,482	1,741	1,741	-	-
Contingent consideration payables	3,200	3,000	200	-	-
Other liabilities	223,734	146,313	41,849	12,628	22,944
Total contractual obligations	$ 615,083	$ 167,509	$ 68,617	$ 346,467	$ 32,490

[1] Contractual obligations exclude aggregate unfunded capital contributions of $3.9 million to certain partnerships as the amount and timing of such payments are uncertain.

8.3. Cash from Investing Activities

We invest in property, plant and equipment and intangible assets to support the activities of the business. Capital expenditures for accounting purposes include property, plant and equipment in substance and in form, and intangible assets.

Capital expenditures are reconciled as follows:

Capital Expenditures	Quarter ended December 31,		Year ended December 31,	
In thousands of dollars	**2022**	2021	**2022**	2021
Property, plant and equipment additions	$ 1,783	$ 2,591	$ 5,433	$ 5,965
Intangibles additions	6,502	1,456	19,047	4,664
Capital expenditures	$ 8,285	$ 4,047	$ 24,480	$ 10,629

We made additional investments in 2022 to transform our internal systems across all of Altus Group for how we operate, collaborate and go-to-market which includes upgrading our finance back-office systems, optimizing CRM front offices systems, investing in our global human resources systems, and streamlining our solution architecture. These incremental investments will simplify how we engage with our employees and customers and maximize our internal systems to efficiently and effectively scale as we continue to grow and enhance our productivity metrics.

8.4. Free Cash Flow

We proactively manage and optimize our Free Cash Flow available for reinvestment in our business. Free Cash Flow is reconciled as follows:

Free Cash Flow	Quarter ended December 31,		Year ended December 31,	
In thousands of dollars	**2022**	2021	**2022**	2021
Net cash provided by (used in) operating activities	$ 27,465	$ 10,773	$ 77,085	$ 56,308
Less: Capital Expenditures	(8,285)	(4,047)	(24,480)	(10,629)
Free Cash Flow	$ 19,180	$ 6,726	$ 52,605	$ 45,679

9. Reconciliation of Non-GAAP Measures

9.1. Reconciliation of Profit (Loss) to Adjusted EBITDA and Adjusted Earnings (Loss)

The following table provides a reconciliation of Profit (Loss) to Adjusted EBITDA and Adjusted Earnings (Loss):

	Quarter ended December 31,		Year ended December 31,	
In thousands of dollars, except for per share amounts	**2022**	2021	**2022**	2021
Profit (loss) for the period	$ (8,759)	$ 6,890	$ (889)	$ 25,573
Occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 (1)	(2,905)	(3,477)	(11,993)	(13,199)
Depreciation of right-of-use assets	2,831	3,209	11,968	12,119
Depreciation of property, plant and equipment and amortization of intangibles (7)	11,290	9,815	47,557	34,463
Acquisition and related transition costs (income)	207	2,025	4,928	10,137
Unrealized foreign exchange (gain) loss (2)	(1,821)	(145)	(3,854)	1,104
Gain (loss) on disposal of right-of-use assets, property, plant and equipment and intangibles (2)	825	-	825	(248)
Share of (profit) loss of joint venture	(786)	(745)	(3,013)	(1,187)
Non-cash share-based compensation costs (3)	7,123	6,178	24,544	19,455
(Gain) loss on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs (3)	(1,890)	(1,035)	2,481	(2,040)
Restructuring costs (recovery)	17,001	(238)	38,896	15
(Gain) loss on investments (4)	47	(1,091)	164	(2,930)
Other non-operating and/or non-recurring (income) costs (5)	2,957	2,944	11,742	11,517
Finance costs (income), net - leases	463	515	1,913	2,219
Finance costs (income), net - other (8)	7,918	1,322	5,284	4,130
Income tax expense (recovery) (9)	427	(306)	4,769	8,627
Adjusted EBITDA	$ 34,928	$ 25,861	$ 135,322	$ 109,755
Depreciation of property, plant and equipment and amortization of intangibles of non-acquired businesses (7)	(2,376)	(2,161)	(8,955)	(6,028)
Finance (costs) income, net - other (8)	(7,918)	(1,322)	(5,284)	(4,130)
(Gain) loss on hedging transactions, including currency forward contracts and interest expense (income) on swaps	3,396	-	(6,856)	-
Interest accretion on contingent consideration payables	-	-	6	-
Tax effect of adjusted earnings (loss) adjustments (9)	(7,939)	(3,534)	(28,511)	(19,283)
Adjusted earnings (loss)*	$ 20,091	$ 18,844	$ 85,722	$ 80,314
Weighted average number of shares - basic	44,715,291	43,945,167	44,635,448	41,684,077
Weighted average number of restricted shares	597,408	680,150	633,675	580,280
Weighted average number of shares - adjusted	45,312,699	44,625,317	45,269,123	42,264,357
Adjusted earnings (loss) per share (6)	$0.44	$0.42	$1.89	$1.90

(1) Management uses the non-GAAP occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 when analyzing financial and operating performance.

(2) Included in office and other operating expenses in the consolidated statements of comprehensive income (loss).

[3] Included in employee compensation expenses in the consolidated statements of comprehensive income (loss).
[4] Gain (loss) on investments relates to changes in the fair value of investments in partnerships.
[5] Other non-operating and/or non-recurring income (costs) for the quarter and year ended December 31, 2022 relate to legal, advisory, and other consulting costs related to organizational and strategic initiatives, including those related to the transition of certain members of our leadership team. For the quarter and year ended December 31, 2021, other non-operating and/or non-recurring income (costs) relate to (i) costs relating to the June 13, 2021 cybersecurity incident net of insurance proceeds received and receivable, and (ii) transaction and other related costs. These are included in office and other operating expenses in the consolidated statements of comprehensive income (loss).
[6] Refer to page 4 of this MD&A for the definition of Adjusted EPS.
[7] For the purposes of reconciling to Adjusted Earnings (Loss), the amortization of intangibles of acquired businesses is adjusted from Profit (loss) for the period. Per the quantitative reconciliation above, we have added back depreciation of property, plant and equipment and amortization of intangibles and then deducted the depreciation of property, plant and equipment and amortization of intangibles of non-acquired businesses to arrive at the amortization of intangibles of acquired businesses.
[8] For the purposes of reconciling to Adjusted Earnings (Loss), the interest accretion on contingent consideration payables and (gains) losses on hedging transactions and interest expense (income) on swaps is adjusted from Profit (loss) for the period. Per the quantitative reconciliation above, we have added back finance costs (income), net – other and then deducted finance costs (income), net – other prior to adjusting for interest accretion on contingent consideration payables and (gains) losses on hedging transactions and interest expense (income) on swaps.
[9] For the purposes of reconciling to Adjusted Earnings (Loss), only the tax impacts for the reconciling items noted in the definition of Adjusted Earnings (Loss) is adjusted from Profit (loss) for the period. Please refer to page 3 of this MD&A for the definition of Adjusted Earnings (Loss).

9.2. Constant Currency

The following tables provide a summarization of the foreign exchange rates used as presented based on the average monthly rates, and the foreign exchange rates used for Constant Currency for currencies in which we primarily transact in:

	Quarter ended December 31, 2022		Year ended December 31, 2022	
	As presented	For Constant Currency	As presented	For Constant Currency
Canadian Dollar	1.000	1.000	1.000	1.000
United States Dollar	1.357	1.260	1.301	1.254
Pound Sterling	1.593	1.699	1.608	1.724
Euro	1.386	1.441	1.370	1.483
Australian Dollar	0.892	0.918	0.903	0.942

	Quarter ended December 31, 2021		Year ended December 31, 2021	
	As presented	For Constant Currency	As presented	For Constant Currency
Canadian Dollar	1.000	1.000	1.000	1.000
United States Dollar	1.260	1.303	1.254	1.341
Pound Sterling	1.699	1.721	1.724	1.719
Euro	1.441	1.554	1.483	1.529
Australian Dollar	0.918	0.953	0.942	0.924

10. Summary of Quarterly Results

	2022					2021				
In thousands of dollars, except for per share amounts	**Fiscal 2022**	**Dec 31**	Sep 30	Jun 30	Mar 31	Fiscal 2021	Dec 31	Sep 30	Jun 30	Mar 31
Results of Operations										
Revenues	$ 735,451	$ 183,762	$ 177,691	$ 206,414	$ 167,584	$ 625,387	$ 162,909	$ 151,797	$ 173,523	$ 137,158
Adjusted EBITDA	$ 135,322	$ 34,928	$ 32,910	$ 49,743	$ 17,741	$ 109,755	$ 25,861	$ 24,415	$ 42,239	$ 17,240
Adjusted EBITDA margin	18.4%	19.0%	18.5%	24.1%	10.6%	17.5%	15.9%	16.1%	24.3%	12.6%
Profit (loss) for the period	$ (889)	$ (8,759)	$ 6,827	$ 12,499	$ (11,456)	$ 25,573	$ 6,890	$ (295)	$ 16,341	$ 2,637
Basic earnings (loss) per share:	$(0.02)	$(0.20)	$0.15	$0.28	$(0.26)	$0.62	$0.16	$(0.01)	$0.40	$0.07
Diluted earnings (loss) per share:	$(0.02)	$(0.20)	$0.15	$0.28	$(0.26)	$0.60	$0.15	$(0.01)	$0.39	$0.06
Adjusted earnings (loss) per share	$1.89	$0.44	$0.42	$0.77	$0.27	$1.90	$0.42	$0.39	$0.75	$0.34
Weighted average number shares ('000s):										
Basic	44,635	44,715	44,609	44,508	44,171	41,684	43,945	41,159	41,049	40,552
Diluted	44,635	44,715	45,382	45,179	44,171	42,899	45,269	41,159	42,116	41,642

11. Selected Annual Information

Selected Financial Information	For the year ended December 31,		
In thousands of dollars, except for per share amounts	**2022**	2021	2020
Operations			
Revenues	$ 735,451	$ 625,387	$ 561,156
Revenue growth	17.6%	11.4%	6.7%
Organic Revenue growth	12.0%	5.2%	5.2%
Adjusted EBITDA	$ 135,322	$ 109,755	$ 98,928
Adjusted EBITDA growth	23.3%	10.9%	16.8%
Adjusted EBITDA margin	18.4%	17.5%	17.6%
Profit (loss) from continuing operations	$ (889)	$ 25,573	$ 27,009
Profit (loss) from discontinued operations	$ -	$ -	$ (5,576)
Profit (loss)	$ (889)	$ 25,573	$ 21,433
Earnings (loss) per share:			
Basic			
Continuing operations	$(0.02)	$0.62	$0.67
Discontinued operations	$0.00	$0.00	$(0.14)
Diluted			
Continuing operations	$(0.02)	$0.60	$0.66
Discontinued operations	$0.00	$0.00	$(0.14)
Adjusted	$1.89	$1.90	$1.67
Dividends declared per share	$0.60	$0.60	$0.60

Balance Sheet	At December 31,		
	2022	2021	2020
Total assets	$ 1,263,886	$ 1,199,200	$ 735,400
Long-term liabilities (excluding deferred income taxes)	390,552	372,042	191,521

In each of the past three years we have declared and paid quarterly dividends totalling $0.60 annually, per common share to the shareholders.

12. Share Data

As at February 21, 2023, 44,935,421 common shares were outstanding and are net of 570,203 escrowed shares. These escrowed shares are subject to restrictive covenants and may or may not vest. Accordingly, these shares are not included in the total number of common shares outstanding for financial reporting purposes and are not included in basic earnings per share calculations.

As at December 31, 2022, there were 2,330,062 share options outstanding (December 31, 2021 - 1,469,881 share options outstanding) at a weighted average exercise price of $45.42 per share (December 31, 2021 - $41.39 per share) and 561,324 share options were exercisable (December 31, 2021 - 454,286). All share options are exercisable into common shares on a one-for-one basis.

Shareholders who are resident in Canada may elect to automatically reinvest quarterly dividends in additional Altus Group common shares under our Dividend Reinvestment Plan ("DRIP").

Pursuant to the DRIP, and in the case where common shares are issued from treasury, cash dividends will be reinvested in additional Altus Group common shares at the weighted average market price of our common shares for the five trading days immediately preceding the relevant dividend payment date, less a discount, currently set at 4%. In the case where common shares will be purchased on the open market, cash dividends will be reinvested in additional Altus Group common shares at the relevant average market price paid in respect of satisfying this reinvestment plan.

For the year ended December 31, 2022, 46,638 common shares (2021 - 59,423 common shares) were issued under the DRIP.

13. Financial Instruments and Other Instruments

Financial instruments held in the normal course of business included in our consolidated balance sheet as at December 31, 2022 consist of cash and cash equivalents, trade receivables and other (excluding deferred costs to obtain customer contracts and prepayments), trade payables and other (excluding contract liabilities), income taxes recoverable and payable, investments, borrowings and derivative financial instruments. We do not enter into financial instrument arrangements for speculative purposes.

The fair values of the short-term financial instruments approximate their carrying values. The fair values of borrowings are not significantly different than their carrying values, as these instruments bear interest at rates comparable to current market rates. The fair values of other long-term assets and liabilities, and contingent consideration payables are measured using a discounted cash flow analysis of expected cash flows in future periods. The investments in equity instruments are measured based on valuations of the respective entities. Investments in partnerships are measured in relation to the fair value of assets in the respective partnerships.

The fair value of the liabilities for our RSUs and DSUs as at December 31, 2022 was approximately $22.8 million, based on the published trading price on the TSX for our common shares.

We are exposed to interest rate risk in the event of fluctuations in the Canadian prime rates, Canadian bankers' acceptance rates, U.S. base rates, or SONIA, SOFR, and €STR rates, as the interest rates on the bank credit facilities fluctuate with changes in these rates.

To mitigate our exposure to interest rate fluctuations, we monitor interest rates and consider entering into interest rate swap agreements in connection with our bank credit facilities. On April 29, 2022, we entered into interest rate

swap agreements for a total notional amount of GBP57.0 million. The net fair value of this derivative is $7.4 million in our favour.

We are exposed to price risk as the liabilities for cash-settled plans are classified as fair value through profit or loss, and linked to the price of our common shares.

We enter into equity derivatives to manage our exposure to changes in the fair value of RSUs and DSUs, issued under their respective plans, due to changes in the fair value of our common shares. Changes in the fair value of these derivatives are recorded as employee compensation expense and offset the impact of mark-to-market adjustments on the RSUs and DSUs that have been accrued.

As at December 31, 2022, we have equity derivatives relating to RSUs and DSUs outstanding with a notional amount of $17.1 million. The net fair value of these derivatives is $12.8 million in our favour.

We are exposed to credit risk with respect to our cash and cash equivalents, trade receivables and other and derivative financial instruments. Credit risk is not concentrated with any particular customer. In certain parts of our business, it is often common business practice of our customers to pay invoices over an extended period of time and/or at the completion of the project or on receipt of funds. We assess lifetime expected credit losses for all trade receivables and contract assets for unbilled revenue on customer contracts by grouping customers with shared credit risk characteristics, the days past due, and by incorporating forward-looking information as applicable.

Liquidity risk is the risk that we will not be able to meet our financial obligations as they become due. We manage liquidity risk through the management of our capital structure and financial leverage. We also manage liquidity risk by continuously monitoring actual and projected cash flows, taking into account the seasonality of our revenues and receipts and the maturity profile of our financial assets and liabilities. Our Board of Directors reviews and approves our operating and capital budgets, as well as any material transactions outside the ordinary course of business, including proposals on mergers, acquisitions or other major investments.

14. Contingencies

From time to time, we or our subsidiaries are involved in legal proceedings, claims and litigation in the ordinary course of business with customers, former employees and other parties. Although it is not possible to determine the final outcome of such matters, based on all currently available information, we believe that our liabilities, if any, arising from such matters will not have a material adverse effect on our financial position or results of operations and have been adequately provided for in the financial statements.

In the ordinary course of business, we are subject to tax audits from various government agencies relating to income and commodity taxes. As a result, from time to time, the tax authorities may disagree with the positions and conclusions we made in our tax filings, which could lead to assessments and reassessments. These assessments and reassessments may have a material adverse effect on our financial position or results of operations.

15. Accounting Policies, Estimates, and Judgments

15.1. Critical Accounting Estimates and Judgments

The preparation of the financial statements requires management to make estimates and assumptions concerning the future. It also requires management to exercise its judgment in applying our accounting policies and the reported amounts of assets and liabilities, revenue and expenses, and related disclosures. Estimates and judgments are continually evaluated and are based on current facts, historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results.

The following discussion sets forth management's most significant estimates and assumptions in determining the value of assets and liabilities and the most significant judgments in applying accounting policies.

Revenue Recognition and Determination and Allocation of the Transaction Price

We estimate variable consideration for contingency arrangements on a project-by-project basis. Variable consideration is not constrained only to the extent that it is highly probable that the amount will not be subject to significant reversal when the uncertainty is resolved, which is when savings are realized by the customer, unless the contractual terms provide for an enforceable right to payment for performance completed.

The transaction price is allocated on the basis of the relative standalone selling prices for contracts with more than one performance obligation. Estimation of the standalone selling price involves reasonably available data points, market conditions, entity-specific factors and information about the customer or class of customer and to similar customers as evidence of the standalone selling price for each performance obligation; however when one is not available, the standalone selling price is estimated. Where the observable price is not available, based on the specific facts and circumstances, either the adjusted market assessment or the expected cost plus a margin approach is applied. The determination of the standalone selling prices requires significant judgment.

Impairment of Trade Receivables and Contract Assets

The impairment provisions for trade receivables and contract assets determined under IFRS 9, *Financial Instruments*, are based on assumptions about the risk of default and expected loss rates. We use judgment in making these assumptions and selecting the inputs to the impairment calculation based on our past history, existing market conditions, including COVID-19 considerations, and forward-looking estimates at the end of each reporting period. Such estimates and judgments could impact trade receivables, contract assets for unbilled revenue on customer contracts and office and other operating expenses.

Estimated Impairment of Goodwill

We test at least annually whether goodwill is subject to any impairment. Goodwill impairment is evaluated between annual tests upon the occurrence of events or changes in circumstances. Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The allocation is made to those CGUs or group of CGUs that are expected to benefit from synergies of the business combination in which the goodwill arose. Goodwill is tested for impairment in the groups of CGUs for which it is monitored by management. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount for any CGU is determined based on the higher of fair value less costs to sell and value in use. Both of the valuation approaches require the use of estimates. Significant erosion in the general state of the economy could result in increased impairment losses. For the year ended December 31, 2022, no goodwill impairment charge was recorded (2021 - $nil).

Determination of Purchase Price Allocations and Contingent Consideration

Estimates are made in determining the fair value of assets and liabilities, including the valuation of separately identifiable intangibles acquired as part of an acquisition. Judgments are also made in determining whether any consideration transferred for an acquisition relates to future compensation arrangements and are therefore to be excluded from the purchase price allocation. Furthermore, estimates are made in determining the value of contingent consideration payments that should be recorded as part of the consideration on the date of acquisition and changes in contingent consideration payable in subsequent reporting periods. Contingent consideration payments are generally based on acquired businesses achieving certain performance targets. The estimates are based on our best assessment of the related inputs used in the valuation models, such as future cash flows and discount rates. Future performance results that differ from our estimates could result in changes to liabilities recorded, which are recorded as they arise through profit or loss.

Income Taxes

We are subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income taxes in the period in which such determination is made.

15.2. Changes in Significant Accounting Policies and Estimates

15.2.1. Adoption of Recent Accounting Pronouncements

Amendments to IAS 37: Onerous Contracts - Cost of Fulfilling a Contract

In May 2020, the International Accounting Standards Board ("IASB") issued amendments to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, to specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract and can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The new guidance is effective for annual periods beginning on or after January 1, 2022 and is applied to contracts that have unfulfilled obligations as at the beginning of that period. The amendment did not have a material impact on our financial statements.

Amendments to IFRS 3: Reference to the Conceptual Framework

In May 2020, the IASB issued amendments to IFRS 3, *Business Combinations - Reference to the Conceptual Framework*. The amendments are intended to replace a reference to a previous version of the IASB's *Conceptual Framework* (1989) with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21, *Levies*, if incurred separately. The amendments also added a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The new guidance is effective for annual periods beginning on or after January 1, 2022 and is applied prospectively. The amendment did not have a material impact on our financial statements.

15.2.2. Future Accounting Pronouncements

We have not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 8: Definition of Accounting Estimate

In February 2021, the IASB issued amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, which introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amendments also clarify the measurement techniques and inputs used to develop accounting estimates.

The new guidance will be effective for annual periods beginning on or after January 1, 2023, with earlier application permitted, and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. We expect the impact of these amendments on our financial statements to not be material.

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies

In February 2021, the IASB issued amendments to IAS 1, *Presentation of Financial Statements*, and IFRS Practice Statement 2, *Making Materiality Judgments*, to provide guidance in the application of materiality judgments to accounting policy disclosures. These amendments also replaced the requirement for disclosures around 'significant' accounting policies with a requirement to disclose 'material' accounting policies.

The amendment is effective for annual periods beginning on or after January 1, 2023, with earlier application permitted as long as this fact is disclosed. We expect the impact of these amendments on our financial statements to not be material.

Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In May 2021, the IASB issued amendments to IAS 12, *Income Taxes*, to provide clarity to whether certain deductions are attributable for tax purposes to the liability recognized in the financial statements or to the related asset component. These amendments also narrow the scope for exemption when recognizing deferred taxes under the initial recognition exemption.

These amendments are effective for annual periods beginning on or after January 1, 2023 and should apply these amendments to transactions that occur on or after the beginning of the earliest comparative period presented. We expect the impact of these amendments on our financial statements to not be material.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current and Deferral of Effective Date

In January 2020, the IASB issued amendments to IAS 1, *Presentation of Financial Statements*, to provide a more general approach to the presentation of liabilities as current or non-current based on contractual arrangements in place at the reporting date. These amendments:

- specify that the rights and conditions existing at the end of the reporting period are relevant in determining whether we have a right to defer settlement of a liability by at least twelve months;
- require disclosures around the relevant information about the covenants to be complied with in order to have the right to defer settlement of a liability by at least twelve months;
- provide that management's expectations are not a relevant consideration as to whether we will exercise our rights to defer settlement of a liability; and
- clarify when a liability is considered settled.

On October 31, 2022, the IASB issued a deferral of the effective date for the new guidance to annual periods beginning on or after January 1, 2024 and is to be applied retrospectively. We have not yet determined the impact of these amendments on our financial statements.

16. Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Management is responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as those terms are defined in National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109").

Management has caused such DC&P to be designed under its supervision to provide reasonable assurance that our material information, including material information of our consolidated subsidiaries, is made known to our Chief Executive Officer and our Chief Financial Officer for the period in which the annual and interim filings are prepared. Further, such DC&P are designed to provide reasonable assurance that information we are required to disclose in our annual filings, interim filings or other reports we have filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in the applicable securities legislation.

Management has caused such ICFR to be designed under its supervision using the framework established in Internal Control - Integrated Framework (2013) published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS.

Section 3.3(1)(b) of NI 52-109 allows an issuer to limit its design of DC&P and ICFR to exclude controls, policies and procedures of a business that the issuer acquired not exceeding 365 days from the date of acquisition. Management has not limited the scope of the design of DC&P and ICFR to exclude controls, policies and procedures of any acquired businesses as at December 31, 2022.

Management has caused to be evaluated under its supervision the effectiveness of its DC&P as of December 31, 2022 and has concluded that the design and effectiveness of these controls and procedures provide reasonable assurance that material information relating to Altus Group, including our consolidated subsidiaries, was made known to management on a timely basis to ensure adequate disclosure.

Management has caused to be evaluated under its supervision the effectiveness of its ICFR as of December 31, 2022, using the COSO framework. Management has concluded that the overall design and effectiveness of these controls provide reasonable assurance of the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with IFRS.

There have been no significant changes in our internal controls over financial reporting that occurred for the quarter ended December 31, 2022, the most recently completed interim period, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

The audit committee and our Board of Directors have reviewed and approved this MD&A and the annual financial statements as at and for the year ended December 31, 2022.

17. Additional Information

Additional information relating to Altus Group Limited, including our Annual Information Form, is available on SEDAR at www.sedar.com and on our corporate website at www.altusgroup.com under the Investors tab. Our common shares trade on the TSX under the symbol "AIF".

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