



Altus Group

Q3 2020 Financial Statements

For the nine months ended September 30, 2020

Altus Group Limited



Interim Condensed Consolidated Financial Statements

September 30, 2020 and 2019

(Unaudited)

(Expressed in Thousands of Canadian Dollars)

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Interim Condensed Consolidated Statements of Comprehensive Income (Loss) For the Three and Nine Months Ended September 30, 2020 and 2019 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Per Share Amounts)

		Three months ended September 30		Nine months ended September 30	
	Notes	2020	2019 ⁽¹⁾	2020	2019 ⁽¹⁾
Revenues	5	\$ 134,950	\$ 126,787	\$ 421,676	\$ 387,266
Expenses					
Employee compensation		84,889	78,287	265,882	241,294
Occupancy		1,712	1,811	5,697	5,319
Office and other operating		23,383	25,243	76,626	72,749
Depreciation of right-of-use assets		2,818	3,021	8,504	9,338
Depreciation of property, plant and equipment		1,451	1,482	4,178	4,151
Amortization of intangibles		5,840	7,746	18,715	23,071
Acquisition and related transition costs (income)		72	85	(1,104)	238
Share of (profit) loss of joint venture	11	(442)	-	(450)	-
Restructuring costs (recovery)	12	1,155	-	8,610	(296)
(Gain) loss on investments		68	(63)	(22)	(158)
Finance costs (income), net - leases	6	619	672	1,910	2,027
Finance costs (income), net - other	6	835	1,768	3,422	5,136
Profit (loss) from continuing operations before income taxes		12,550	6,735	29,708	24,397
Income tax expense (recovery)	7	3,253	2,137	7,321	6,624
Profit (loss) for the period from continuing operations		\$ 9,297	\$ 4,598	\$ 22,387	\$ 17,773
Profit (loss) for the period from discontinued operations	8	(130)	438	(5,300)	149
Profit (loss) for the period attributable to shareholders		\$ 9,167	\$ 5,036	\$ 17,087	\$ 17,922
Other comprehensive income (loss):					
Items that may be reclassified to profit or loss in subsequent periods:					
Currency translation differences		(250)	(1,296)	8,422	(14,190)
Items that are not reclassified to profit or loss in subsequent periods:					
Change in fair value of FVOCI investments		-	566	(987)	1,737
Other comprehensive income (loss), net of tax		(250)	(730)	7,435	(12,453)
Total comprehensive income (loss) for the period, net of tax, attributable to shareholders		\$ 8,917	\$ 4,306	\$ 24,522	\$ 5,469
Earnings (loss) per share attributable to the shareholders of the Company during the period					
Basic earnings (loss) per share:					
Continuing operations	16	\$0.23	\$0.12	\$0.56	\$0.45
Discontinued operations	16	\$0.00	\$0.01	\$(0.13)	\$0.00
Diluted earnings (loss) per share:					
Continuing operations	16	\$0.22	\$0.11	\$0.54	\$0.45
Discontinued operations	16	\$0.00	\$0.01	\$(0.13)	\$0.00

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

⁽¹⁾ Comparative figures have been restated to reflect discontinued operations (Notes 4, 5, 8 and 20).

Altus Group Limited



Interim Condensed Consolidated Balance Sheets As at September 30, 2020 and December 31, 2019 (Unaudited)

(Expressed in Thousands of Canadian Dollars)

	Notes	September 30, 2020	December 31, 2019
Assets			
Current assets			
Cash and cash equivalents		\$ 91,110	\$ 60,262
Trade receivables and other	9	189,482	181,955
Income taxes recoverable		3,209	2,403
Derivative financial instruments		3,102	1,449
		286,903	246,069
Non-current assets			
Trade receivables and other	9	1,284	3,696
Derivative financial instruments		10,987	5,975
Investments	10	10,703	11,481
Investment in joint venture	11	15,300	-
Deferred tax assets		22,136	22,163
Right-of-use assets		53,765	63,729
Property, plant and equipment		21,533	29,037
Intangibles		75,865	92,595
Goodwill		261,499	260,380
		473,072	489,056
Total Assets		\$ 759,975	\$ 735,125
Liabilities			
Current liabilities			
Trade payables and other	12	\$ 118,710	\$ 128,566
Income taxes payable		6,848	4,548
Lease liabilities		11,496	12,564
Borrowings	13	-	137,929
		137,054	283,607
Non-current liabilities			
Trade payables and other	12	17,926	16,197
Lease liabilities		54,413	63,419
Borrowings	13	152,864	334
Deferred tax liabilities		10,618	11,916
		235,821	91,866
Total Liabilities		372,875	375,473
Shareholders' Equity			
Share capital	14	527,687	509,646
Contributed surplus		27,589	24,447
Accumulated other comprehensive income (loss)		47,680	40,245
Retained earnings (deficit)		(215,856)	(214,686)
Total Shareholders' Equity		387,100	359,652
Total Liabilities and Shareholders' Equity		\$ 759,975	\$ 735,125

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Altus Group Limited



Interim Condensed Consolidated Statements of Changes in Equity For the Nine Months Ended September 30, 2020 and 2019 (Unaudited)

(Expressed in Thousands of Canadian Dollars)

	Notes	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Total Shareholders' Equity
As at January 1, 2019		\$ 491,542	\$ 21,882	\$ 54,558	\$ (209,556)	\$ 358,426
Profit (loss) for the period		-	-	-	17,922	17,922
Other comprehensive income (loss), net of tax:						
Currency translation differences		-	-	(14,190)	-	(14,190)
Change in fair value of FVOCI investments		-	-	1,737	-	1,737
Total comprehensive income (loss) for the period		-	-	(12,453)	17,922	5,469
Transfer of loss on disposal of FVOCI investments		-	-	(633)	633	-
Transactions with owners:						
Dividends declared		-	-	-	(17,944)	(17,944)
Share-based compensation		-	7,277	-	-	7,277
Dividend Reinvestment Plan		4,194	-	-	-	4,194
Shares issued on exercise of options		7,563	(1,197)	-	-	6,366
Shares issued on acquisitions		3,442	-	-	-	3,442
Shares issued under the Equity Compensation Plan		5,243	(2,891)	-	-	2,352
Treasury shares reserved for share-based compensation		(7,705)	-	-	-	(7,705)
Release of treasury shares under the Restricted Share Plan		3,169	(2,989)	-	-	180
Gain (loss) on sale of RSs and shares held in escrow		-	(46)	-	-	(46)
		15,906	154	(633)	(17,311)	(1,884)
As at September 30, 2019		\$ 507,448	\$ 22,036	\$ 41,472	\$ (208,945)	\$ 362,011
As at January 1, 2020		\$ 509,646	\$ 24,447	\$ 40,245	\$ (214,686)	\$ 359,652
Profit (loss) for the period		-	-	-	17,087	17,087
Other comprehensive income (loss), net of tax:						
Currency translation differences		-	-	8,422	-	8,422
Change in fair value of FVOCI investments		-	-	(987)	-	(987)
Total comprehensive income (loss) for the period		-	-	7,435	17,087	24,522
Transactions with owners:						
Dividends declared	17	-	-	-	(18,257)	(18,257)
Share-based compensation	15	-	12,140	-	-	12,140
Dividend Reinvestment Plan	14	1,553	-	-	-	1,553
Shares issued on exercise of options	14, 15	13,354	(2,037)	-	-	11,317
Shares issued under the Long-Term Equity Incentive Plan	14, 15	2,608	(2,098)	-	-	510
Treasury shares reserved for share-based compensation	14, 15	(4,527)	-	-	-	(4,527)
Release of treasury shares under the Restricted Share Plan	14, 15	5,053	(4,871)	-	-	182
Gain (loss) on sale of RSs and shares held in escrow		-	8	-	-	8
		18,041	3,142	-	(18,257)	2,926
As at September 30, 2020		\$ 527,687	\$ 27,589	\$ 47,680	\$ (215,856)	\$ 387,100

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Altus Group Limited



Interim Condensed Consolidated Statements of Cash Flows For the Nine Months Ended September 30, 2020 and 2019 (Unaudited)

(Expressed in Thousands of Canadian Dollars)

		Nine months ended September 30	
	Notes	2020	2019
Cash flows from operating activities			
Profit (loss) before income taxes from continuing operations		\$ 29,708	\$ 24,397
Profit (loss) before income taxes from discontinued operations	8	(5,300)	149
Profit (loss) before income taxes		\$ 24,408	\$ 24,546
Adjustments for:			
Depreciation of right-of-use assets		8,556	10,222
Depreciation of property, plant and equipment		4,289	5,585
Amortization of intangibles		18,716	23,525
Finance costs (income), net - leases	6	1,975	2,160
Finance costs (income), net - other	6	3,408	5,136
Share-based compensation	15	12,140	7,277
Unrealized foreign exchange (gain) loss		(217)	1,379
(Gain) loss on investments	10	(22)	(158)
(Gain) loss on disposal of property, plant and equipment and intangibles		69	342
(Gain) loss on equity derivatives and interest rate swaps		(6,803)	(7,810)
Share of (profit) loss of joint venture	11	(450)	-
Impairment charge - leases		36	-
Fair value loss (gain) on net assets directly associated with discontinued operations	8	5,224	-
(Gain) loss on sale of the discontinued operations	8	(483)	-
Net changes in operating working capital		(19,449)	(27,732)
Net cash generated by (used in) operations		51,397	44,472
Less: interest paid on borrowings		(2,898)	(3,800)
Less: interest paid on leases		(1,975)	(2,160)
Less: income taxes paid		(9,249)	(12,848)
Add: income taxes refunded		2,331	2,761
Net cash provided by (used in) operating activities		39,606	28,425
Cash flows from financing activities			
Proceeds from exercise of options	14, 15	11,317	6,366
Financing fees paid		(710)	-
Proceeds from borrowings	13	38,135	21,600
Repayment of borrowings	13	(22,765)	(4,848)
Payments of principal on lease liabilities		(10,974)	(8,732)
Dividends paid	17	(16,628)	(13,621)
Treasury shares purchased under the Restricted Share Plan	14, 15	(4,017)	(5,353)
Net cash provided by (used in) financing activities		(5,642)	(4,588)
Cash flows from investing activities			
Purchase of investments	10	(259)	(620)
Cash contribution to investment in joint venture	8	(1,190)	-
Purchase of intangibles		(66)	(149)
Purchase of property, plant and equipment		(2,648)	(4,610)
Proceeds from disposal of property, plant and equipment and intangibles		96	102
Acquisitions, net of cash acquired		-	(11,654)
Net cash provided by (used in) investing activities		(4,067)	(16,931)
Effect of foreign currency translation		951	370
Net increase (decrease) in cash and cash equivalents		30,848	7,276
Cash and cash equivalents, beginning of period		60,262	48,738
Cash and cash equivalents, end of period		\$ 91,110	\$ 56,014

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Altus Group Limited



Notes to Interim Condensed Consolidated Financial Statements September 30, 2020 and 2019 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

1. Business and Structure

Altus Group Limited (the "Company") is a leading provider of software, data solutions and independent advisory services to the global commercial real estate ("CRE") industry. The Company's businesses, Altus Analytics and Commercial Real Estate Consulting, reflect decades of experience, a range of expertise, and technology-enabled capabilities. The Company's solutions empower clients to analyze, gain insight and recognize value on their real estate investments. Headquartered in Canada, the Company has approximately 2,200 employees around the world, with operations in North America, Europe and Asia Pacific. The Company's clients include many of the world's largest CRE industry participants.

During the period, the Company conducted its business through three business units: Altus Analytics, Commercial Real Estate Consulting and Geomatics. Effective June 27, 2020, the Company combined its Geomatics business segment with WSP Global Inc.'s ("WSP") respective geomatics business unit. The combined entity launched as GeoVerra Inc. ("GeoVerra"), forming a Canadian geomatics firm with employees in offices in Western Canada and Ontario, with the Company receiving a 49.5% equity interest and 50% of the voting rights (Note 11). Accordingly, Geomatics is presented as discontinued operations (Note 8). The Company continues to conduct its business through its two remaining business units: Altus Analytics and Commercial Real Estate Consulting.

The address of the Company's registered office is 33 Yonge Street, Suite 500, Toronto, Ontario, Canada. The Company is listed on the Toronto Stock Exchange ("TSX") under the symbol AIF and is domiciled in Canada.

"Altus Group" refers to the consolidated operations of the Company.

2. Basis of Preparation

These interim condensed consolidated financial statements ("interim financial statements") as at and for the period ended September 30, 2020 follow the same accounting policies and methods of their application as those used in the Company's most recent audited annual consolidated financial statements as at and for the year ended December 31, 2019, except for those identified under Changes in Significant Accounting Policies and Estimates (Note 4).

These interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. Accordingly, they do not include all of the information and disclosures required in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), and should be read in conjunction with the Company's audited annual consolidated financial statements as at and for the year ended December 31, 2019.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2020 and 2019 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

2. Basis of Preparation, cont'd

These interim financial statements were approved by the Board of Directors for issue on November 12, 2020.

3. Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions concerning the future. It also requires management to exercise judgment in applying the Company's 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 are reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. The following are management's most significant estimates and assumptions in determining the value of assets and liabilities and the most significant judgments in applying its accounting policies: revenue recognition and determination and allocation of the transaction price, impairment of trade receivables and contract assets, estimated impairment of goodwill, determination of purchase price allocations and contingent consideration, and income taxes.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. The continued spread of this contagious disease outbreak and related public health developments have adversely affected workforces, economies, and financial markets globally, leading to an economic downturn and to legislative and regulatory changes that has impacted the Company's business and operations. The duration and magnitude of the impact of the outbreak and its potential adverse effects on the Company's business or results of operations continue to be uncertain and will depend on future developments. Judgments made in these interim financial statements reflect management's best estimates as of the period end, taking into consideration the most significant judgments that may be directly impacted by COVID-19. The following are management's significant estimates and assumptions that could be impacted most by COVID-19: revenue recognition and determination and allocation of the transaction price, impairment of trade receivables and contract assets, and estimated impairment of goodwill.

Refer to Note 4, "Changes in Significant Accounting Policies and Estimates", for a discussion of newly adopted accounting pronouncements and accounting policies.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2020 and 2019 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

4. Changes in Significant Accounting Policies and Estimates

Discontinued Operations

A discontinued operation is a component of the Company's business, with operations and cash flows that are distinguishable from those of the rest of the Company, and which represents a separate major line of business or geographical area of operations, and which is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively for resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the major line of business or geographical operation meets the criteria to be classified as assets held for sale or distribution. When an operation is classified as a discontinued operation, IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, requires that the comparative statements of comprehensive income (loss) are re-presented as if the operation was discontinued from the start of the comparative year. As a result, the Company's discontinued operations are excluded from the profit (loss) from continuing operations and are presented as an amount, net of tax, as profit (loss) from discontinued operations in the statements of comprehensive income (loss). Furthermore, the Company has made the accounting policy choice to present net cash flows related to its discontinued operations in the notes to the interim financial statements.

Investment in Joint Venture

Joint ventures are joint arrangements over which the Company has joint control along with the other parties to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Company's investment in its joint venture, GeoVerra, was initially recognized at fair value and accounted for using the equity method.

Accordingly, the Company's share of (profit) loss of joint venture subsequent to the initial combination is recognized in profit or loss, and its share of movements in other comprehensive income (loss), if any, is recognized in other comprehensive income (loss). Such movements are adjusted against the carrying amount of the Company's investment in joint venture.

Unrealized gains on transactions between the Company and its joint venture are eliminated to the extent of the Company's interest in the joint venture. Unrealized losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred. The accounting policies adopted by the joint venture have been changed where necessary to ensure consistency with the Company's accounting policies.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2020 and 2019 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

4. Changes in Significant Accounting Policies and Estimates, cont'd

The Company reviews its investment in joint venture for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If impaired, the carrying amount of the Company's investment in joint venture is written down to its estimated recoverable amount, being the higher of fair value less costs to sell and value in use, and charged to profit or loss.

Government Grants

Government grants that compensate or reimburse the Company for expenses incurred are recorded as a reduction of the related expense when there is reasonable assurance of their ultimate realization.

Adoption of Recent Accounting Pronouncements

Amendment to IFRS 16, COVID-19-Related Rent Concessions

In May 2020, the International Accounting Standards Board ("IASB") issued an amendment to permit lessees, as a practical expedient, not to assess whether particular rent concessions that reduce lease payments occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications.

The amendment is effective for annual reporting periods beginning on or after June 1, 2020, with earlier application permitted. The amendment did not have an impact on the interim financial statements.

Amendments to IFRS 3, Business Combinations

In October 2018, the IASB issued amendments to the guidance in IFRS 3, *Business Combinations*, which revise the definition of a business for acquisition accounting purposes. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present. To be considered a business without outputs, there will now need to be an organized workforce present. Under the new standard, the changes to the definition of a business will likely result in more acquisitions being accounted for as asset acquisitions.

The amendments to IFRS 3 are effective for business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting periods beginning on or after January 1, 2020. The Company will assess the impact of this standard on a case-by-case basis upon future acquisitions performed but does not anticipate a material impact due to the nature and structure of its historical acquisitions.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2020 and 2019 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

4. Changes in Significant Accounting Policies and Estimates, cont'd

Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

In September 2019, the IASB issued amendments to IFRS 7, *Financial Instruments and Disclosures*, IFRS 9, *Financial Instruments*, and IAS 39, *Financial Instruments: Recognition and Measurement*, to provide reliefs applying to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or hedging instrument. These amendments are effective for annual periods beginning on or after January 1, 2020.

In August 2020, the IASB issued further amendments to provide a practical expedient from discontinuing hedging relationships and the related hedge accounting treatment as a result of the interest rate benchmark reform as well as additional disclosures. The disclosures are to provide additional information on the effect of the reform on the Company's financial instruments and risk management strategy. These amendments apply retrospectively and are effective for annual periods beginning on or after January 1, 2021 with earlier application permitted; however, companies are not required to restate prior periods.

These amendments had no impact on the interim financial statements.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1, *Presentation of Financial Statements*, and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, to align the definition of "material" across the standards and to clarify certain aspects of the definition. The new definition states that, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

These amendments are effective for annual periods beginning on or after January 1, 2020. The amendments to the definition of material did not have a significant impact on the interim financial statements.

Future Accounting Pronouncements

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

Notes to Interim Condensed Consolidated Financial Statements September 30, 2020 and 2019 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

4. Changes in Significant Accounting Policies and Estimates, cont'd

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 the Company has a 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 the Company will exercise its rights to defer settlement of a liability; and
- clarify when a liability is considered settled.

On July 15, 2020, the IASB issued a deferral of the effective date for the new guidance by one year to annual reporting periods beginning on or after January 1, 2023 and is to be applied retrospectively. The Company has not yet determined the impact of these amendments on its financial statements.

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

In May 2020, the 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 will be effective for annual periods beginning on or after January 1, 2022 and is to be applied to contracts that have unfulfilled obligations as at the beginning of that period. The Company has not yet determined the impact of these amendments on its financial statements.

5. Segmented Information

The segmentation reflects the way the CEO allocates resources and assesses performance. The CEO considers the business from a core service perspective. The areas of core service are Altus Analytics and Commercial Real Estate Consulting. As the Company combined its Geomatics business segment with WSP's respective business unit to launch GeoVerra on June 27, 2020, the Geomatics business is no longer considered core and is presented as discontinued operations in these interim financial statements (Notes 4, 8 and 20). Accordingly, the results of the Geomatics business are not reflected in the segmented information presented.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2020 and 2019 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

5. Segmented Information, cont'd

Altus Analytics provides data, analytics software and technology-related services. Proprietary data and data analytics platforms provide comprehensive real estate information and enable performance reviews, benchmarking and attribution analysis of commercial real estate portfolios. Software, such as ARGUS branded products, represents comprehensive global solutions for managing commercial real estate portfolios and improve the visibility and flow of information throughout critical processes.

Commercial Real Estate Consulting services provides Property Tax, and Valuation and Cost Advisory services that span the life cycle of commercial real estate - feasibility, development, acquisition, management and disposition. Property Tax performs assessment reviews, management, appeals and personal property and state and local tax advisory services. Valuation and Cost Advisory provides appraisals of real estate portfolios, valuation of properties for transactional purposes, due diligence and litigation and economic consulting, in addition to services in the areas of construction feasibility studies, budgeting, cost and loan monitoring and project management.

The accounting policies of the segments are the same as those applied in these interim financial statements. Revenue transactions between segments are valued at market rates and eliminated on consolidation. Revenues represent those recognized from contracts with customers.

The CEO assesses the performance of the operating segments based on a measure of Adjusted EBITDA. This measurement basis represents profit (loss) from continuing operations before income taxes, adjusted for the effects of: occupancy costs calculated on a similar basis prior to the adoption of IFRS 16, finance costs (income), net - other, depreciation of property, plant and equipment and amortization of intangibles, depreciation of right-of-use assets, finance costs (income), net - leases, acquisition and related transition costs (income), unrealized foreign exchange (gains) losses, (gains) losses on disposal of property, plant and equipment and intangibles, share of (profit) loss of joint venture, impairment charges, non-cash Equity Compensation Plan and Long-Term Equity Incentive Plan costs, (gains) losses on equity derivatives net of mark-to-market adjustments on related restricted share units ("RSUs") and deferred share units ("DSUs") being hedged, (gains) losses on derivatives, restructuring costs (recovery), (gains) losses on investments, (gains) losses on hedging transactions, and other costs or income of a non-operating and/or non-recurring nature.

Subsequent to the classification of the Geomatics business as discontinued operations and the launch of GeoVerra, the measurement of Adjusted EBITDA has been modified to reflect adjustments for: profit (loss) from discontinued operations and share of (profit) loss of joint venture.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2020 and 2019 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

5. Segmented Information, cont'd

The following table provides a reconciliation between Adjusted EBITDA and profit (loss):

	Three months ended September 30		Nine months ended September 30	
	2020	2019 ⁽¹⁾	2020	2019 ⁽¹⁾
Adjusted EBITDA	\$ 24,047	\$ 18,785	\$ 72,194	\$ 62,378
Occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 ⁽²⁾	3,023	3,274	9,259	9,394
Depreciation of right-of-use assets	(2,818)	(3,021)	(8,504)	(9,338)
Depreciation of property, plant and equipment and amortization of intangibles	(7,291)	(9,228)	(22,893)	(27,222)
Acquisition and related transition (costs) income	(72)	(85)	1,104	(238)
Unrealized foreign exchange gain (loss) ⁽³⁾	281	(252)	217	(1,379)
Gain (loss) on disposal of property, plant and equipment and intangibles ⁽³⁾	21	(61)	(3)	(376)
Share of profit (loss) of joint venture	442	-	450	-
Non-cash Equity Compensation Plan and Long-Term Equity Incentive Plan costs ⁽⁴⁾	(4,260)	(1,577)	(8,128)	(4,291)
Gain (loss) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged ⁽⁴⁾	2,463	1,312	1,766	2,247
Restructuring (costs) recovery	(1,155)	-	(8,610)	296
Gain (loss) on investments ⁽⁵⁾	(68)	63	22	158
Impairment charge - leases	-	(35)	(36)	(69)
Other non-operating and/or non-recurring income (costs) ⁽⁶⁾	(609)	-	(1,798)	-
Earnings (loss) from continuing operations before finance costs and income taxes	14,004	9,175	35,040	31,560
Finance (costs) income, net - leases	(619)	(672)	(1,910)	(2,027)
Finance (costs) income, net - other	(835)	(1,768)	(3,422)	(5,136)
Profit (loss) from continuing operations before income taxes	12,550	6,735	29,708	24,397
Income tax (expense) recovery	(3,253)	(2,137)	(7,321)	(6,624)
Profit (loss) for the period from continuing operations	\$ 9,297	\$ 4,598	\$ 22,387	\$ 17,773
Profit (loss) for the period from discontinued operations	(130)	438	(5,300)	149
Profit (loss) for the period	\$ 9,167	\$ 5,036	\$ 17,087	\$ 17,922

⁽¹⁾ Comparative figures have been restated to reflect discontinued operations (Notes 4, 8 and 20).

⁽²⁾ Management uses the non-GAAP occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 when analyzing operating performance, which may provide useful information to investors in measuring the Company's financial performance.

⁽³⁾ Included in office and other operating expenses in the interim condensed consolidated statements of comprehensive income (loss).

⁽⁴⁾ Included in employee compensation expenses in the interim condensed consolidated statements of comprehensive income (loss).

⁽⁵⁾ Gain (loss) on investments relates to changes in the fair value of investments in partnerships.

⁽⁶⁾ Other non-operating and/or non-recurring income (costs) for the three and nine months ended September 30, 2020 relate to (i) transitional costs related to the departure of senior executives, (ii) legal, advisory, and other consulting costs related to a Board strategic initiative, and (iii) transaction and other related costs. These are included in office and other operating expenses in the interim condensed consolidated statements of comprehensive income (loss).

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(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

5. Segmented Information, cont'd

The following summary presents certain financial information regarding the Company's segments:

Segment Revenues and Expenditures

	Three months ended September 30, 2020						
	Altus Analytics	Commercial Real Estate	Valuation and Cost Advisory	Consulting	Corporate ⁽¹⁾	Eliminations	Total
		Property Tax		Total			
Revenues from external customers	\$ 49,078	\$ 58,214	\$ 27,658	\$ 85,872	\$ -	\$ -	\$ 134,950
Inter-segment revenues	99	1	(24)	(23)	-	(76)	-
Total segment revenues	49,177	58,215	27,634	85,849	-	(76)	134,950
Adjusted EBITDA	11,136	20,201	4,604	24,805	(11,894)	-	24,047
Depreciation of right-of-use assets	1,188	780	693	1,473	157	-	2,818
Depreciation of property, plant and equipment and amortization of intangibles	3,304	3,131	469	3,600	387	-	7,291
Finance costs (income), net - leases	128	183	152	335	156	-	619
Finance costs (income), net - other	-	-	-	-	835	-	835
Income tax expense (recovery)	-	-	-	-	3,253	-	3,253

⁽¹⁾ Corporate includes global corporate office costs, finance costs (income), net - other and income tax expense (recovery). For the three months ended September 30, 2020, Corporate also includes accrued bonuses that relate to the Company's continuing operations. The allocation to various business units will be determined at year-end and allocated at that time accordingly.

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(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

5. Segmented Information, cont'd

	Three months ended September 30, 2019						
	Altus Analytics	Commercial Real Estate Property Tax	Real Estate Valuation and Cost Advisory	Consulting Total	Corporate ⁽¹⁾⁽²⁾	Eliminations	Total ⁽²⁾
Revenues from external customers	\$ 50,297	\$ 49,263	\$ 27,227	\$ 76,490	\$ -	\$ -	\$ 126,787
Inter-segment revenues	129	-	(44)	(44)	-	(85)	-
Total segment revenues	50,426	49,263	27,183	76,446	-	(85)	126,787
Adjusted EBITDA	10,430	14,766	3,812	18,578	(10,223)	-	18,785
Depreciation of right-of-use assets ⁽³⁾	1,066	925	772	1,697	258	-	3,021
Depreciation of property, plant and equipment and amortization of intangibles	3,609	4,582	602	5,184	435	-	9,228
Finance costs (income), net - leases ⁽³⁾	202	213	173	386	84	-	672
Finance costs (income), net - other	-	-	-	-	1,768	-	1,768
Income tax expense (recovery)	-	-	-	-	2,137	-	2,137

⁽¹⁾ Corporate includes global corporate office costs, finance costs (income), net - other and income tax expense (recovery). For the three months ended September 30, 2019, Corporate also includes accrued bonuses that relate to the Company's continuing operations. The allocation to various business units will be determined at year-end and allocated at that time accordingly.

⁽²⁾ Comparative figures have been restated to reflect discontinued operations (Notes 4, 8 and 20).

⁽³⁾ Comparative figures have been restated to reflect the allocation to various business units for Corporate and shared leases previously reported within Corporate.

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5. Segmented Information, cont'd

	Nine months ended September 30, 2020						
	Altus Analytics	Commercial Property Tax	Real Estate and Cost Advisory	Consulting Total	Corporate ⁽¹⁾	Eliminations	Total
Revenues from external customers	\$ 151,824	\$ 187,683	\$ 82,169	\$ 269,852	\$ -	\$ -	\$ 421,676
Inter-segment revenues	368	2	(141)	(139)	-	(229)	-
Total segment revenues	152,192	187,685	82,028	269,713	-	(229)	421,676
Adjusted EBITDA	30,059	64,719	10,699	75,418	(33,283)	-	72,194
Depreciation of right-of-use assets	3,496	2,483	2,089	4,572	436	-	8,504
Depreciation of property, plant and equipment and amortization of intangibles	10,235	9,857	1,662	11,519	1,139	-	22,893
Finance costs (income), net - leases	393	571	471	1,042	475	-	1,910
Finance costs (income), net - other	-	-	-	-	3,422	-	3,422
Income tax expense (recovery)	-	-	-	-	7,321	-	7,321

⁽¹⁾ Corporate includes global corporate office costs, finance costs (income), net - other and income tax expense (recovery). For the nine months ended September 30, 2020, Corporate also includes accrued bonuses that relate to the Company's continuing operations. The allocation to various business units will be determined at year-end and allocated at that time accordingly.

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(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

5. Segmented Information, cont'd

	Nine months ended September 30, 2019						
	Altus Analytics	Commercial Property Tax	Real Estate Valuation and Cost Advisory	Consulting Total	Corporate ⁽¹⁾⁽²⁾	Eliminations	Total ⁽²⁾
Revenues from external customers	\$ 146,949	\$ 159,249	\$ 81,068	\$ 240,317	\$ -	\$ -	\$ 387,266
Inter-segment revenues	421	-	(132)	(132)	-	(289)	-
Total segment revenues	147,370	159,249	80,936	240,185	-	(289)	387,266
Adjusted EBITDA	31,457	52,880	9,797	62,677	(31,756)	-	62,378
Depreciation of right-of-use assets ⁽³⁾	3,201	2,848	2,469	5,317	820	-	9,338
Depreciation of property, plant and equipment and amortization of intangibles	10,175	13,794	1,943	15,737	1,310	-	27,222
Finance costs (income), net - leases ⁽³⁾	602	622	539	1,161	264	-	2,027
Finance costs (income), net - other	-	-	-	-	5,136	-	5,136
Income tax expense (recovery)	-	-	-	-	6,624	-	6,624

⁽¹⁾ Corporate includes global corporate office costs, finance costs (income), net - other and income tax expense (recovery). For the nine months ended September 30, 2019, Corporate also includes accrued bonuses that relate to the Company's continuing operations. The allocation to various business units will be determined at year-end and allocated at that time accordingly.

⁽²⁾ Comparative figures have been restated to reflect discontinued operations (Notes 4, 8 and 20).

⁽³⁾ Comparative figures have been restated to reflect the allocation to various business units for Corporate and shared leases previously reported within Corporate.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2020 and 2019 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

6. Finance Costs (Income), Net

	Three months ended September 30		Nine months ended September 30	
	2020	2019 ⁽¹⁾	2020	2019 ⁽¹⁾
Interest on bank credit facilities	\$ 843	\$ 1,551	\$ 3,220	\$ 4,264
Interest on lease liabilities	619	672	1,910	2,027
Contingent consideration payables: unwinding of discount (Note 18)	-	149	102	464
Provisions: unwinding of discount (Note 12)	3	28	31	97
Change in fair value of interest rate swaps	-	40	138	450
Finance costs	1,465	2,440	5,401	7,302
Finance income	(11)	-	(69)	(139)
Finance costs (income), net	\$ 1,454	\$ 2,440	\$ 5,332	\$ 7,163

⁽¹⁾ Comparative figures have been restated to reflect discontinued operations (Notes 4, 5, 8 and 20).

7. Income Taxes

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Income tax expense (recovery)				
Current	\$ 4,079	\$ 3,215	\$ 8,579	\$ 9,504
Deferred	(826)	(1,078)	(1,258)	(2,880)
	\$ 3,253	\$ 2,137	\$ 7,321	\$ 6,624

8. Discontinued Operations

On January 21, 2020, the Company announced its intention to combine its Geomatics business segment with WSP's respective geomatics business unit. Effective June 27, 2020, the combined entity launched as GeoVerra Inc., forming a Canadian geomatics firm with employees in offices in Western Canada and Ontario, with the Company receiving a 49.5% equity interest and 50% of the voting rights (Note 11). Accordingly, the comparative interim condensed consolidated statement of comprehensive income (loss) has been re-presented separately between continuing and discontinued operations. Furthermore, the Geomatics segment is no longer presented in the segmented information (Note 5), and the Company has made an accounting policy choice to present details of net cash flows from discontinued operations in this note to the interim financial statements. Unless otherwise specified, all other notes to the interim financial statements do not include amounts from discontinued operations.

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(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

8. Discontinued Operations, cont'd

Financial information relating to the discontinued operations for the period is set out below.

The results of the Geomatics business presented as profit (loss) for the period from discontinued operations in the interim condensed consolidated statements of comprehensive income (loss) are as follows:

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Revenues	\$ -	\$ 10,207	\$ 13,962	\$ 31,380
Expenses				
Employee compensation ⁽¹⁾	-	6,411	8,227	20,004
Occupancy	-	204	325	619
Office and other operating	8	2,346	4,398	7,860
Depreciation of right-of-use assets	-	252	52	884
Depreciation of property, plant and equipment	-	506	111	1,434
Amortization of intangibles	-	7	1	454
Restructuring costs (recovery)	125	-	1,356	(157)
Finance costs (income), net - leases	-	43	65	133
Finance costs (income), net - other	(3)	-	(14)	-
Fair value loss (gain) on net assets directly associated with discontinued operations	-	-	5,224	-
(Gain) loss on sale of the discontinued operations	-	-	(483)	-
Profit (loss) for the period from discontinued operations	\$ (130)	\$ 438	\$ (5,300)	\$ 149

⁽¹⁾ During the nine months ended September 30, 2020, the Geomatics business recorded government grants related to COVID-19 wage subsidies of \$2,571 as a reduction to employee compensation expense.

Following the classification of the Geomatics business segment as discontinued operations on January 21, 2020 to its disposal on June 27, 2020 in exchange for the Company's investment in GeoVerra, fair value losses of \$5,224 were recognized in profit (loss) from discontinued operations during the period to reduce the carrying value of the assets held for sale to the lower of their carrying value or their fair value less costs to sell.

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(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

8. Discontinued Operations, cont'd

The net cash flows provided by (used in) the Geomatics discontinued operations to the date of disposal are as follows:

	Nine months ended September 30	
	2020	2019
Net cash provided by (used in) operating activities	\$ 3,184	\$ 3,693
Net cash provided by (used in) financing activities	(651)	(911)
Net cash provided by (used in) investing activities	(1,468)	(1,662)
Cash flows from discontinued operations	\$ 1,065	\$ 1,120

The assets and liabilities disposed of in connection with the Geomatics business in exchange for the Company's interest in GeoVerra on June 27, 2020 (Note 11), subject to closing adjustments and final agreement with WSP, are as follows:

	June 27, 2020
Consideration received:	
Common shares of joint venture	\$ 14,850
Assets and liabilities contributed:	
Cash and cash equivalents	1,190
Trade receivables and other	10,883
Right-of-use assets	2,912
Property, plant and equipment	5,134
Intangibles	9
Trade payables and other	(2,093)
Lease liabilities	(3,395)
Borrowings	(273)
Total net assets contributed	\$ 14,367
Gain on sale of the discontinued operations	\$ 483

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(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

9. Trade Receivables and Other

	September 30, 2020	December 31, 2019
Trade receivables	\$ 141,098	\$ 127,462
Less: loss allowance provision	17,369	10,924
Trade receivables, net	123,729	116,538
Contract assets: unbilled revenue on customer contracts ⁽¹⁾	52,106	53,136
Deferred costs to obtain customer contracts	1,874	1,745
Prepayments	10,327	12,516
Due from related party (GeoVerra)	1,839	-
Other receivables	891	1,716
	190,766	185,651
Less: non-current portion	1,284	3,696
	\$ 189,482	\$ 181,955

⁽¹⁾ On September 30, 2020, contract assets are stated net of expected credit losses of \$1,350 (2019 - \$1,364).

For the three and nine months ended September 30, 2020, \$404 and \$1,185 respectively, of amortization associated with deferred costs to obtain customer contracts was expensed to the interim condensed consolidated statements of comprehensive income (loss) (2019 - \$326 and \$682, respectively). For the three and nine months ended September 30, 2020 and 2019, no impairment losses on deferred costs were recognized.

10. Investments

	September 30, 2020	December 31, 2019
Investments in equity instruments	\$ 8,193	\$ 9,288
Investments in partnerships	2,510	2,193
	\$ 10,703	\$ 11,481

During the nine months ended September 30, 2020, the Company contributed \$259 towards capital in various partnerships.

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(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

11. Investment in Joint Venture

On June 27, 2020, the Company obtained a 49.5% interest (that provides joint control through an equal 50% of the voting rights) in GeoVerra, a joint venture offering a broad variety of geomatics services across Canada, by contributing certain assets and liabilities of the Company's Geomatics discontinued operations (Note 8). WSP contributed an equal amount of net assets that have a similar nature to those contributed by the Company. The activity in the Company's investment in GeoVerra during the year is as follows:

	Amount
Balance as at January 1, 2020	\$ -
Investment in joint venture on June 27, 2020 (Note 8)	14,850
Share of profit (loss)	450
Balance as at September 30, 2020	\$ 15,300

A summary of GeoVerra's financial information is as follows:

	September 30, 2020
Current assets, including cash and cash equivalents of \$2,381	\$ 41,675
Non-current assets	21,120
Current liabilities, including financial liabilities of \$9,408	(21,554)
Non-current liabilities, including financial liabilities of \$10,331	(10,331)
Equity	\$ 30,910
Company's share of equity - 49.5%	\$ 15,300

	Period from June 27, 2020 to September 30, 2020
Revenues	\$ 24,069
Expenses, including depreciation and amortization of \$1,493; finance costs of \$204; income tax expense of \$362	23,159
Profit (loss) and total comprehensive income (loss)	\$ 910

As at September 30, 2020, GeoVerra has commitments of \$4,549.

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12. Trade Payables and Other

	September 30, 2020	December 31, 2019
Trade payables	\$ 8,114	\$ 9,936
Accrued expenses	80,003	79,689
Contract liabilities: deferred revenue	37,556	40,321
Due to related party (GeoVerra)	156	-
Contingent consideration payables (Note 18)	51	7,667
Dividends payable (Note 17)	6,105	6,029
Provisions	4,651	1,121
	136,636	144,763
Less non-current portion:		
Accrued expenses	15,146	11,937
Contract liabilities: deferred revenue	2,342	1,458
Contingent consideration payables	-	2,289
Provisions	438	513
	17,926	16,197
	\$ 118,710	\$ 128,566

Provisions consist of:

	Restructuring	Other	Total
Balance as at January 1, 2020	\$ 953	\$ 168	\$ 1,121
Charged to profit or loss:			
Additional provisions, net of releases ⁽¹⁾	9,966	-	9,966
Unwinding of discount (Note 6) ⁽²⁾	27	9	36
Used during the period	(6,506)	-	(6,506)
Exchange differences	28	6	34
Balance as at September 30, 2020	4,468	183	4,651
Less: non-current portion	(255)	(183)	(438)
	\$ 4,213	\$ -	\$ 4,213

⁽¹⁾ During the three and nine months ended September 30, 2020, \$125 and \$1,356 were charged to restructuring costs (recovery) in discontinued operations (Note 8).

⁽²⁾ During the three and nine months ended September 30, 2020, \$nil and \$5 were charged to finance costs (income), net - other in discontinued operations (Note 8).

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(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

12. Trade Payables and Other, cont'd

Restructuring

Beginning in the second quarter of 2020, the Company initiated a global restructuring program across all of its business segments which resulted in restructuring costs of \$1,155 and \$8,610 for the three and nine months ended September 30, 2020, respectively, of which a total of \$3,969 related to Altus Analytics and the balance to CRE Consulting and Corporate segments. These costs relate primarily to employee severance costs. The restructuring was planned as part of the Company's strategy to focus and invest in technology and information services platforms.

13. Borrowings

	September 30, 2020	December 31, 2019
Bank credit facilities	\$ 153,500	\$ 138,000
Leasehold improvement loans	-	403
Less: deferred financing fees	636	140
	152,864	138,263
Less non-current portion:		
Bank credit facilities	153,500	-
Leasehold improvement loans	-	334
Less: deferred financing fees	636	-
	152,864	334
	\$ -	\$ 137,929

Amendment to bank credit facilities

On March 24, 2020, the Company amended its bank credit facilities to further strengthen its financial and liquidity position. The amended credit facilities increase the Company's borrowing capacity to \$275,000 from \$200,000, with certain provisions that allow the Company to further increase the limit to \$350,000. The amended agreement extends the term by three years expiring March 24, 2023, with an additional two-year extension at the Company's option. The other significant amendment is that the bank credit facilities are unsecured.

Loans bear interest at a floating rate, based on the Canadian Prime rates, Canadian Bankers' Acceptance rates, U.S. Base rates or LIBOR rates plus, in each case, an applicable margin to those rates. The applicable margin for Canadian Bankers' Acceptance and LIBOR borrowings depends on a trailing four-quarter calculation of the funded debt to EBITDA ratio. The amended bank credit facilities require the Company to comply with the following financial ratios:

- Maximum Funded Debt to EBITDA ratio: maximum of 4.00:1
- Minimum Interest Coverage ratio: minimum of 3.00:1

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13. Borrowings, cont'd

As at September 30, 2020, the Company was in compliance with the financial covenants of the amended bank credit facilities, which are summarized below:

	September 30, 2020
Funded debt to EBITDA (maximum of 4.00:1)	1.49:1
Interest coverage (minimum of 3.00:1)	22.27:1

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.

14. Share Capital

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preference shares, issuable in series. The common shares have no par value. Common shares issued and outstanding are as follows:

	Common Shares	
	Number of Shares	Amount
Balance as at January 1, 2020	39,826,600	\$ 509,646
Issued on exercise of options (Note 15)	406,068	13,354
Issued under the Dividend Reinvestment Plan	39,560	1,553
Issued under the Long-Term Equity Incentive Plan	66,013	2,608
Treasury shares reserved under the Restricted Share Plan	(55,543)	(4,017)
Treasury shares reserved under the Long-Term Equity Incentive Plan	(7,007)	(510)
Release of treasury shares	105,924	5,053
Balance as at September 30, 2020	40,381,615	\$ 527,687

The 40,381,615 common shares as at September 30, 2020 are net of 321,490 treasury shares with a carrying value of \$15,670 that are being held by the Company until vesting conditions are met (Note 15).

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15. Share-based Compensation

The activity in the Company's share-based compensation plans during the period is as follows:

(i) Executive Compensation Plan and Long-Term Equity Incentive Plan

On May 6, 2020, the Company's shareholders approved a resolution to increase the number of authorized common shares to be reserved for issuance under the Company's Long-Term Equity Incentive Plan and to ratify the grant of awards made under it to executives and key employees. The resolution increases the maximum number of common shares reserved for issuance by 1,850,000 to 4,075,000.

The following is a summary of the Company's share option activity:

	Number of Options Outstanding	Weighted Average Exercise Price
Balance as at January 1, 2020	1,579,283	\$28.98
Granted	630,593	\$46.44
Exercised	(406,068)	\$27.88
Expired/Forfeited	(17,702)	\$29.48
Balance as at September 30, 2020	1,786,106	\$35.39

Information about the Company's share options outstanding and exercisable as at September 30, 2020 is as follows:

Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Number of Options Exercisable
\$19.29 - \$19.67	121,584	1.17 years	121,584
\$26.04 - \$29.72	476,693	2.97 years	141,491
\$30.70 - \$37.93	557,236	2.98 years	170,348
\$45.11 - \$52.84	630,593	4.53 years	-
\$35.39	1,786,106	3.40 years	433,423

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(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

15. Share-based Compensation, cont'd

The options granted vest over a period of up to 48 months. The fair value of the options granted was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	2020
Risk-free interest rate	0.31% - 0.67%
Expected dividend yield	1.1% - 1.3%
Expected volatility	25.42% - 31.92%
Expected option life	3.00 - 4.50 years
Exercise price	\$45.11 - \$52.84
Weighted average grant-date fair value per option	\$7.19 - \$12.09

The following is a summary of the activity related to common shares held in escrow under the Equity Compensation Plan and Long-Term Equity Incentive Plan:

	Common shares
Balance as at January 1, 2020	126,096
Granted	7,007
Settled	(10,551)
Forfeited	(2,793)
Balance as at September 30, 2020	119,759

The Company settled vested Performance Share Units ("PSUs") under the Equity Compensation Plan and Long-Term Equity Incentive Plan through the issuance of common shares:

	Common shares
Settled in March 2019	162,086
Settled in March 2020	54,707

The Company granted the following PSUs under the Long-Term Equity Incentive Plan:

	Number of PSUs
Granted in 2019	186,542
Granted in 2020	161,713

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15. Share-based Compensation, cont'd

(ii) Deferred Compensation Plans

The following is a summary of the Company's Restricted Share Plan ("RS Plan") activity:

	Number of RSs
Balance as at January 1, 2020 (all unvested)	239,200
Granted	55,543
Settled	(91,236)
Forfeited	(1,776)
Balance as at September 30, 2020 (all unvested)	201,731

In connection with the 2019 performance year, the Company granted a total of \$4,017 under the RS Plan. In March 2020, the Company purchased 55,543 common shares in the open market (through the facilities of the TSX or by private agreement).

In connection with the 2018 performance year, the Company granted a total of \$4,128 under the RS Plan. In March 2019, the Company purchased 100,482 common shares in the open market (through the facilities of the TSX or by private agreement).

The following is a summary of the Company's Restricted Share Unit Plan ("RSU Plan") activity:

	Number of RSUs
Balance as at January 1, 2020 (all unvested)	327,591
Granted	84,102
Settled	(78,685)
Forfeited	(7,192)
Balance as at September 30, 2020 (all unvested)	325,816

(iii) Deferred Share Unit Plans

The following is a summary of the Company's Deferred Share Unit Plans ("DSU Plans") activity:

	Number of DSUs
Balance as at January 1, 2020	161,662
Granted	48,184
Redeemed	(41,503)
Balance as at September 30, 2020	168,343

Notes to Interim Condensed Consolidated Financial Statements September 30, 2020 and 2019 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

15. Share-based Compensation, cont'd

(iv) Compensation Expense by Plan

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Share Option Plan	\$ 56	\$ 15	\$ 82	\$ 43
Equity Compensation Plan	521	277	1,256	909
Long-Term Equity Incentive Plan	3,697	1,324	6,904	3,555
RS Plan	1,524	922	3,898	2,752
RSU Plan ⁽¹⁾	3,550	2,391	6,656	5,844
DSU Plans ⁽²⁾	1,963	1,382	3,249	3,204

⁽¹⁾ For the three and nine months ended September 30, 2020, the Company recorded mark-to-market adjustments of \$2,512 and \$3,790, respectively (2019 - \$1,242 and \$2,977, respectively).

⁽²⁾ For the three and nine months ended September 30, 2020, the Company recorded mark-to-market adjustments of \$1,659 and \$2,314, respectively (2019 - \$1,107 and \$2,415, respectively).

Included in compensation expense above, for the three and nine months ended September 30, 2020, are amounts related to the Geomatics discontinued operations totalling \$22 and \$260, respectively (2019 - \$67 and \$321, respectively).

(v) Liabilities for Cash-settled Plans

	September 30, 2020	December 31, 2019
RSU Plan - carrying value of liability recorded within trade payables and other	\$ 11,923	\$ 8,832
DSU Plans - carrying value of liability recorded within trade payables and other	7,555	6,257

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16. Earnings (Loss) per Share

For the three months ended September 30, 2020, 630,593 share options and 10,272 RSs (including common shares issued in escrow as part of the Equity Compensation Plan and Long-Term Equity Incentive Plan) were excluded from the diluted earnings (loss) per share calculations as the impact would have been anti-dilutive.

For the nine months ended September 30, 2020, 630,593 share options and 26,726 RSs (including common shares issued in escrow as part of the Equity Compensation Plan and Long-Term Equity Incentive Plan) were excluded from the diluted earnings (loss) per share calculations as the impact would have been anti-dilutive.

For the three months ended September 30, 2019, 193,433 share options and 19,922 RSs (including common shares issued in escrow as part of the Equity Compensation Plan and Long-Term Equity Incentive Plan) were excluded from the diluted earnings (loss) per share calculations as the impact would have been anti-dilutive.

For the nine months ended September 30, 2019, 1,081,254 share options and 23,227 RSs (including common shares issued in escrow as part of the Equity Compensation Plan and Long-Term Equity Incentive Plan) were excluded from the diluted earnings (loss) per share calculations as the impact would have been anti-dilutive.

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(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

16. Earnings (Loss) per Share, cont'd

The following table summarizes the basic and diluted earnings (loss) per share and the basic and diluted weighted average number of common shares outstanding:

	Three months ended September 30		Nine months ended September 30	
	2020	2019 ⁽¹⁾	2020	2019 ⁽¹⁾
Profit (loss) for the period from continuing operations - basic and diluted	\$ 9,297	\$ 4,598	\$ 22,387	\$ 17,773
Profit (loss) for the period from discontinued operations - basic and diluted	(130)	438	(5,300)	149
Profit (loss) for the period - basic and diluted	\$ 9,167	\$ 5,036	\$ 17,087	\$ 17,922
Weighted average number of common shares outstanding - basic	40,240,402	39,642,560	40,084,289	39,350,460
Dilutive effect of share options	421,874	259,189	360,721	93,073
Dilutive effect of equity awards and PSUs	476,289	338,902	447,076	277,729
Dilutive effect of RSs	209,434	170,752	227,961	136,067
Weighted average number of common shares outstanding - diluted	41,347,999	40,411,403	41,120,047	39,857,329
Earnings (loss) per share:				
Basic				
Continuing operations	\$0.23	\$0.12	\$0.56	\$0.45
Discontinued operations	\$0.00	\$0.01	\$(0.13)	\$0.00
Diluted				
Continuing operations	\$0.22	\$0.11	\$0.54	\$0.45
Discontinued operations	\$0.00	\$0.01	\$(0.13)	\$0.00

⁽¹⁾ Comparative figures have been restated to reflect discontinued operations (Notes 4, 5, 8 and 20).

17. Dividends Payable

The Company declared a \$0.15 dividend per common share to shareholders of record on the last business day of each quarter, and dividends were paid on the 15th day of the month following quarter end. Dividends are declared and paid in Canadian dollars.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2020 and 2019 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

18. Financial Instruments and Fair Values

Financial Instruments by Category

The tables below indicate the carrying values of financial assets and liabilities for each of the following categories:

	September 30, 2020			December 31, 2019		
	Fair Value Through Profit or Loss	Fair Value Through Other Comprehensive Income	Amortized Cost	Fair Value Through Profit or Loss	Fair Value Through Other Comprehensive Income	Amortized Cost
Assets as per Consolidated Balance Sheet:						
Cash and cash equivalents	\$ -	\$ -	\$ 91,110	\$ -	\$ -	\$ 60,262
Trade receivables and other (excluding deferred costs to obtain customer contracts, and prepayments)	-	-	178,565	-	-	171,390
Investments in equity instruments	-	8,193	-	-	9,288	-
Investments in partnerships	2,510	-	-	2,193	-	-
Derivative financial instruments	14,089	-	-	7,424	-	-
	\$ 16,599	\$ 8,193	\$ 269,675	\$ 9,617	\$ 9,288	\$ 231,652

	September 30, 2020		December 31, 2019	
	Fair Value Through Profit or Loss	Amortized Cost	Fair Value Through Profit or Loss	Amortized Cost
Liabilities as per Consolidated Balance Sheet:				
Trade payables and other (excluding contract liabilities, RSU Plan and DSU Plans payables and contingent consideration payables)	\$ -	\$ 79,551	\$ -	\$ 81,686
Contingent consideration payables	51	-	7,667	-
Borrowings	-	152,864	-	138,263
	\$ 51	\$ 232,415	\$ 7,667	\$ 219,949

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Notes to Interim Condensed Consolidated Financial Statements September 30, 2020 and 2019 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

18. Financial Instruments and Fair Values, cont'd

Fair Values

The following tables present the fair value hierarchy under which the Company's financial instruments are valued:

	September 30, 2020			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments in equity instruments	\$ -	\$ -	\$ 8,193	\$ 8,193
Investments in partnerships	-	-	2,510	2,510
Derivative financial instruments	-	14,089	-	14,089
Liabilities:				
Borrowings	-	153,500	-	153,500
Contingent consideration payables	-	-	51	51
	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments in equity instruments	\$ -	\$ -	\$ 9,288	\$ 9,288
Investments in partnerships	-	-	2,193	2,193
Derivative financial instruments	-	7,424	-	7,424
Liabilities:				
Borrowings	-	138,403	-	138,403
Contingent consideration payables	-	-	7,667	7,667

For the three and nine months ended September 30, 2020, there were no transfers between the levels in the hierarchy.

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(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

18. Financial Instruments and Fair Values, cont'd

The following table summarizes the movement in the Company's contingent consideration payables:

	Contingent Consideration Payables (Discounted)
Balance as at January 1, 2020	\$ 7,667
Changes in expected payment recorded through profit or loss	(1,176)
Unwinding of discount (Note 6)	102
Settlements	(6,635)
Exchange differences	93
Balance as at September 30, 2020	\$ 51

A 1% increase or decrease in the discount rate could decrease or increase the Company's determination of fair value by approximately \$nil as at September 30, 2020.

The estimated contractual amount of contingent consideration payables as at September 30, 2020 was \$51 (December 31, 2019 - \$7,919), net of a discount of \$nil (December 31, 2019 - \$252).

Cash and cash equivalents, trade receivables and other (excluding deferred costs to obtain customer contracts, contract assets, and prepayments) due within one year, and trade payables and other (excluding contract liabilities, RSU Plan and DSU Plans payables, and contingent consideration payables) due within one year, are all short-term in nature and, as such, their carrying values approximate their fair values. The fair values of non-current trade receivables and other and trade payables and other are estimated by discounting the future contractual cash flows at the cost of borrowing to the Company, which approximate their carrying values.

The fair value of the bank credit facilities approximates its carrying value, as the instruments bear interest at rates comparable to current market rates.

19. Commitments and Contingencies

As at September 30, 2020, the Company provided letters of credit of approximately \$1,114 to its lessors (December 31, 2019 - \$1,074).

As at September 30, 2020, the Company has guaranteed up to \$1,500 in connection with vehicle leases and related services entered into by GeoVerra.

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(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

19. Commitments and Contingencies, cont'd

The Company committed to aggregate capital contributions of \$542 (Note 10) to certain partnerships (December 31, 2019 - \$682).

From time to time, the Company or its 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, management believes that liabilities, if any, arising from such matters will not have a material adverse effect on the Company's financial position or results of operations and have been adequately provided for in these interim financial statements.

In the ordinary course of business, the Company is 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 made by the Company in its tax filings, which could lead to assessments and reassessments. These assessments and reassessments may have a material adverse effect on the Company's financial position or results of operations.

20. Comparative Information

Certain prior year amounts have been restated or re-presented for consistency with the current year presentation requirements under IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, to re-present the comparative interim condensed consolidated statement of comprehensive income (loss) upon classification and disposal of the Geomatics business as discontinued operations.



Altus Group

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Stock trading symbol: AIF

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