Altus Group Reports First Quarter 2023 Financial Results

Sustained Topline Growth, Expanding Margins

TORONTO (May 4, 2023) - Altus Group Limited ("Altus" or "the Company") (TSX: AIF), a leading provider of asset and fund intelligence for commercial real estate ("CRE"), announced today its financial and operating results for the first quarter ended March 31, 2023.

Unless otherwise indicated, all amounts are in Canadian dollars and percentages are on an as reported basis in comparison to Q1 2022.

Q1 2023 Summary

- Consolidated revenues were $190.8 million, up 13.9% (10.9% on a Constant Currency* basis).
- Profit (loss) was $(2.4) million, compared to $(11.5) million.
- Earnings per share ("EPS") were $(0.05) basic and diluted, compared to $(0.26) basic and diluted.
- Consolidated Adjusted EBITDA* was $26.5 million, up 49.5% (43% on a Constant Currency basis).
- Adjusted EPS* was $0.33, compared to $0.27.
- Analytics revenues were $94.6 million, up 17.8% (12.3% on a Constant Currency basis), of which Recurring Revenue* was $85.3 million, up 25.4% (19.5% on a Constant Currency basis), and Adjusted EBITDA was $20.2 million, up 80% (65.8% on a Constant Currency basis) driving an Adjusted EBITDA margin* of 21.4%, up 740 basis points.
- Analytics New Bookings* totalled $21.4 million, down 23.7% (28.1% on a Constant Currency basis), of which Recurring New Bookings* were $14.1 million, down 26.4% (30.6% on a Constant Currency basis).
- At the end of Q1 2023, 67% of the Company's total ARGUS Enterprise ("AE") user base had been contracted on ARGUS Cloud (Cloud Adoption Rate*), compared to 44% at the end of Q1 2022.
- Property Tax revenues were $66.7 million, up 14.1% (13.2% on a Constant Currency basis) and Adjusted EBITDA was $15.1 million, up 13.3% (14.1% on a Constant Currency basis).
- Appraisals and Development Advisory revenues were $29.7 million, up 2.5% (2.3% on a Constant Currency basis) and Adjusted EBITDA was $3.0 million, up 2.2% (2.3% on a Constant Currency basis).
- As at March 31, 2022, Funded debt to EBITDA ratio as defined in the Company's credit facility agreement was 2.21 times, and Net debt to Adjusted EBITDA leverage ratio* was 2.13 times.

**Altus Group uses certain non-GAAP financial measures such as 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, Recurring New Bookings, Non-Recurring New Bookings, Organic Revenue, Recurring Revenue, AE Software Maintenance Retention Rate, and Cloud Adoption Rate. Refer to the "Non-GAAP and Other Measures" section for more information on each measure and a reconciliation of Adjusted EBITDA and Adjusted Earnings (Loss) to Profit (Loss) and Free Cash Flow to Net cash provided by (used in) operating activities.*

Jim Hannon, Chief Executive Officer of Altus, said:

"We had a positive start to the year, continuing our multi-quarter trend of topline growth and margin expansion. Altus Group delivered strong results in the first quarter, achieving 14% revenue growth, significant Adjusted EBITDA growth, and a 330-basis point Adjusted EBITDA margin expansion. We deliver *Intelligence as a Service* to help our clients manage performance and risk - this is especially relevant in today's dynamic CRE markets. The team is executing against our strategy and we remain well positioned for sustained top and bottom line growth."

Summary of Operating and Financial Performance by Reportable Segment:

“CC” indicates “Constant Currency”.

CONSOLIDATED						Quarter ended March 31,
In thousands of dollars		**2023**		2022	% Change	CC % Change
Revenues	$	190,824	$	167,584	13.9%	10.9%
Profit (loss)	$	(2,413)	$	(11,456)	78.9%	
Adjusted EBITDA	$	26,528	$	17,741	49.5%	43.0%
Adjusted EBITDA margin		13.9%		10.6%		
Net Cash provided by (used in) operating activities	$	(30,982)	$	(7,200)	(330.3%)	
Free Cash Flow*	$	(34,414)	$	(9,705)	(254.6%)	

Analytics						Quarter ended March 31,
In thousands of dollars		**2023**		2022	% Change	CC % Change
Revenues	$	94,644	$	80,310	17.8%	12.3%
Adjusted EBITDA	$	20,212	$	11,231	80.0%	65.8%
Adjusted EBITDA margin		21.4%		14.0%		
Other Measures						
Recurring Revenue	$	85,324	$	68,048	25.4%	19.5%
New Bookings	$	21,408	$	28,049	(23.7%)	(28.1%)
Recurring New Bookings	$	14,064	$	19,113	(26.4%)	(30.6%)
Non-Recurring New Bookings*	$	7,344	$	8,936	(17.8%)	(22.7%)
AE Software Maintenance Retention Rate*		98%		95%		
Geographical revenue split						
North America		77%		76%		
International		23%		24%		
Cloud Adoption Rate* (as at end of period)		67%		44%		

Property Tax						Quarter ended March 31,
In thousands of dollars		**2023**		2022	% Change	CC % Change
Revenues	$	66,684	$	58,468	14.1%	13.2%
Adjusted EBITDA	$	15,072	$	13,307	13.3%	14.1%
Adjusted EBITDA margin		22.6%		22.8%		

Appraisals & Development Advisory						Quarter ended March 31,
In thousands of dollars		**2023**		2022	% Change	CC % Change
Revenues	$	29,712	$	28,981	2.5%	2.3%
Adjusted EBITDA	$	2,978	$	2,914	2.2%	2.3%
Adjusted EBITDA margin		10.0%		10.1%		

Q1 2023 Review

On a consolidated basis, revenues were $190.8 million, up 13.9% (10.9% on a Constant Currency basis) and Adjusted EBITDA was $26.5 million, up 49.5% (43% on a Constant Currency basis). Adjusted EPS was $0.33, compared to $0.27 in the first quarter of 2022.

Profit (loss) was $(2.4) million and $(0.05) per share, basic and diluted, compared to $(11.5) million and $(0.26) per share basic and diluted, in the same period in 2022. The greatest driver of the year-over-year change was the completion of the 2022 global restructuring program. Profit was also impacted by higher interest rates on the Company's bank facilities, as well as increased expenditures in the quarter relating to the implementation of new technology infrastructure systems as the Company completes its business transformation.

Analytics revenues increased to $94.6 million, up 17.8% (12.3% on a Constant Currency basis) or $14.3 million. The year-over-year growth consisted solely of Organic Revenue. Adjusted EBITDA was $20.2 million, up 80.0% (65.8% on a Constant Currency basis) driving an Adjusted EBITDA margin of 21.4%, up 740 basis points.

- Recurring Revenues were $85.3 million, up 25.4% (19.5% on a Constant Currency basis). Sequentially, Recurring Revenue decreased 0.6% from $85.8 million in the fourth quarter of 2022, which primarily reflects some seasonality from Valuation Management Solutions.

- Revenue growth continues to be driven by strong Recurring Revenue performance, which is where the Company's go-to-market efforts and investments are focused. This included robust growth across key revenue streams in software, Valuation Management Solutions and data solutions. A high percentage of the Recurring Revenue growth continues to be driven by customer expansion and supported by steady new customer additions and the ongoing transition to cloud subscriptions.

- Following record New Bookings performance in the fourth quarter of 2022, New Bookings in the first quarter were $21.4 million, down 23.7% (28.1% on a Constant Currency basis). Recurring New Bookings were down 26.4% (30.6% on a Constant Currency basis), and Non-Recurring New Bookings were down 17.8% (22.7% on a Constant Currency basis). As issues in the banking sector made headlines in early March 2023, some clients slowed their decision making. This impacted New Bookings growth in the first quarter. On balance, New Bookings benefited from continued growth, with strong AE performance. The software pipeline continues to grow in line with historical pace.

- Adjusted EBITDA growth and margin expansion benefitted from higher revenues, improving operating efficiencies, ongoing cost optimization efforts, and foreign exchange fluctuations.

Property Tax revenues were $66.7 million, up 14.1% (13.2% on a Constant Currency basis) and Adjusted EBITDA was $15.1 million, up 13.3% (14.1% on a Constant Currency basis). On a Constant Currency basis, the Company had double digit growth in Canada and the U.K., and steady performance in the U.S. Adjusted EBITDA benefitted from the revenue growth.

Appraisals and Development Advisory revenues were $29.7 million, up 2.5% (2.3% on a Constant Currency basis) and Adjusted EBITDA was $3.0 million, up 2.2% (2.3% on a Constant Currency basis). Revenue growth was driven by strong performance in Development Advisory in the APAC region.

Corporate Costs were $11.7 million, compared to $9.7 million in the same period in 2022. Corporate costs increased primarily from higher operating expenditures attributable to information technology and compensation, as well as higher costs related to organizational and strategic initiatives.

Free Cash Flow was $(34.4) million, and Net cash used in operating activities was $(31.0) million. Free Cash Flow in the quarter reflects the impact of the Company's annual bonus payouts, payments related to the 2022 global restructuring program, and increased working capital balances due to anticipated delayed billings from the enterprise resource planning system implementation.

As at March 31, 2023, bank debt was $350.1 million and cash and cash equivalents was $42.9 million (representing a Funded debt to EBITDA ratio as defined in the Company's credit facility agreement of 2.21 times, or a Net debt to Adjusted EBITDA leverage ratio of 2.13 times).

Q1 2023 Results Conference Call & Webcast

Date:	Thursday, May 4, 2023
Time:	5:00 p.m. (ET)
Webcast:	altusgroup.com (under Investor Relations)
Live Call:	1-888-660-6785 (toll-free) (Conference ID: 8366990)
Replay:	A replay of the call will be available via the webcast at altusgroup.com

About Altus Group

Altus Group 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 risks and improve performance returns throughout the asset and fund lifecycle. Altus Group is a global company headquartered in Toronto with approximately 2,800 employees across North America, EMEA and Asia Pacific. For more information about Altus (TSX: AIF) please visit altusgroup.com.

Non-GAAP and Other Measures

Altus Group uses 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"). Management believes that these measures may assist investors in assessing an investment in the Company's shares as they provide additional insight into the Company's 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.

Constant Currency: Altus Group uses 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 it's calculated: 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.

Adjusted EPS: Altus Group uses Adjusted EPS to assess the performance of the business, on a per share basis, before the effects of the noted items because they affect the comparability of the Company's financial results and could potentially distort the analysis of trends in business performance. How it's calculated: Adjusted Earnings (Loss) divided by basic weighted average number of shares, adjusted for the effects of the weighted average number of restricted shares.

Adjusted Earnings before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA"): Altus Group uses Adjusted EBITDA to evaluate the performance of the business, as well as when making decisions about the ongoing operations of the business and the Company's ability to generate cash flows. This measure represents Adjusted EBITDA determined on a consolidated entity-basis as a total of the various segments. All other Adjusted EBITDA references are disclosed in the financial statements and are not considered to be non-GAAP financial measures pursuant to NI 52-112. How it's calculated: 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).

Free Cash Flow: Altus Group uses 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 it's calculated: Net cash provided by (used in) operating activities deducted by capital expenditures.

Adjusted EBITDA Margin: Altus Group uses Adjusted EBITDA margin to evaluate the performance of the business, as well as when making decisions about the ongoing operations of the business and its ability to generate cash flows. How it's calculated: Adjusted EBITDA divided by revenue.

Net debt to Adjusted EBITDA leverage ratio: Altus Group uses Net debt to Adjusted EBITDA leverage ratio as a measure of its ability to service debt and other long-term obligations. How it's calculated: Net debt (total borrowings less cash and cash equivalents, net of short-term deposits) divided by Adjusted EBITDA.

New Bookings, Recurring New Bookings and Non-Recurring New Bookings: For its Analytics reportable segment, Altus Group uses New Bookings, Recurring New Bookings and Non-Recurring New Bookings as measures to track the performance and success of 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 the 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 it's calculated: *New Bookings:* The total of annual contract values for new sales of the Company's 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). *Recurring New Bookings*: The total of annual contract values for new sales of the recurring solutions and services. *Non-Recurring New Bookings*: The total of contract values for one-time engagements.

Organic Revenue: Altus Group uses Organic Revenue to evaluate and assess revenue trends in the business on a comparable basis versus the prior year, and as an indicator of future revenue growth. How it's calculated: Revenue deducted by revenues from business acquisitions that are not fully integrated (up to the first anniversary of the acquisition).

Recurring Revenue: For its Analytics reportable segment, Altus Group uses Recurring Revenue as a measure to assess revenue trends in the business, and as an indicator of future revenue growth. How it's calculated: Revenue from software subscriptions recognized on an over time basis in accordance with IFRS 15, software maintenance revenue associated with the Company's legacy licenses sold on perpetual terms, Valuation Management Solutions, and data subscriptions.

AE Software Maintenance Retention Rate: For its Analytics reportable segment, Altus Group uses AE Software Maintenance Retention Rate as a measure to evaluate its success in retaining its AE software customers. With the majority of the 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 it's calculated: 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: For its Analytics reportable segment, Altus Group uses the Cloud Adoption Rate as a measure of its progress in transitioning the AE user base to its cloud-based platform, a key component of its overall product strategy. How it's calculated: Percentage of the total AE user base contracted on the ARGUS Cloud platform.

Forward-looking Information

Certain information in this Press Release may constitute "forward-looking information" within the meaning of applicable securities legislation. All information contained in this Press Release, other than statements of current and historical fact, is forward-looking information. Forward-looking information includes, but is not limited to, the discussion of the business, strategies and expectations of future performance, including any guidance on financial expectations, and 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, while considered reasonable by us at the date the forward-looking information is provided, 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 the Company 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 customers; retention of material clients and bookings; sustaining 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 business strategies; consistent and stable economic conditions or conditions in the financial markets; consistent and stable legislation in the various countries in which the Company operates; 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 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 Company's financial performance; the Company's financial targets; the commercial real estate market; the Company's international operations; acquisitions; industry competition; business interruption events; third party information; cybersecurity; professional talent; the Company's cloud subscriptions transition; software renewals; the Company's sales pipeline; enterprise transactions; client 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; the covid-19 pandemic; the Company's 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; the Company's contractual obligations; legal proceedings; regulatory review; the Company's insurance limits; the Company's ability to meet the solvency requirements necessary to make dividend payments; the Company's leverage and financial covenants; the Company's share price; the Company's capital investments; the issuance of additional common shares and debt; the Company's internal and disclosure controls; environmental, social and governance (ESG) matters; and the war in Ukraine, as well as those described in the Company's annual publicly filed documents, including the Annual Information Form for the year ended December 31, 2022 (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 the Company's 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 and beliefs regarding future events and operating performance and is based on information currently available to management. Although the Company has attempted to identify important factors that could cause actual results to differ materially from the forward-looking information contained herein, there are other factors that could cause results not to be as anticipated, estimated or intended. The forward-looking information contained herein is current as of the date of this Press Release and, except as required under applicable law, the Company does not undertake to update or revise it to reflect new events or circumstances. Additionally, the Company undertakes no obligation to comment on analyses, expectations or statements made by third parties in respect of Altus Group, the Company's financial or operating results, or the Company's securities.

Certain information in this Press Release 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.

FOR FURTHER INFORMATION PLEASE CONTACT:

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Interim Condensed Consolidated Statements of Comprehensive Income (Loss)
For the Three Months Ended March 31, 2023 and 2022
(Unaudited)

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

	Three months ended March 31			
		2023		2022
Revenues	$	190,824	$	167,584
Expenses				
Employee compensation		123,554		116,967
Occupancy		2,038		1,772
Office and other operating		45,921		36,083
Depreciation of right-of-use assets		2,911		3,204
Depreciation of property, plant and equipment		1,350		1,594
Amortization of intangibles		11,111		10,685
Acquisition and related transition costs (income)		177		1,861
Share of (profit) loss of joint venture		(506)		(606)
Restructuring costs (recovery)		813		8,356
(Gain) loss on investments		(413)		(166)
Finance costs (income), net - leases		371		497
Finance costs (income), net - other		6,374		1,479
Profit (loss) before income taxes		(2,877)		(14,142)
Income tax expense (recovery)		(464)		(2,686)
Profit (loss) for the period	$	(2,413)	$	(11,456)
Profit (loss) for the period attributable to:				
Non-controlling interest	$	-	$	62
Shareholders of the Company	$	(2,413)	$	(11,518)
Other comprehensive income (loss):				
Items that may be reclassified to profit or loss in subsequent periods:				
Currency translation differences		3,381		(9,354)
Items that are not reclassified to profit or loss in subsequent periods:				
Changes in investments measured at fair value through other comprehensive income, net of tax		646		(862)
Other comprehensive income (loss), net of tax		4,027		(10,216)
Total comprehensive income (loss) for the period, net of tax	$	1,614	$	(21,672)
Comprehensive income (loss) for the period, net of tax, attributable to:				
Non-controlling interest	$	-	$	62
Shareholders of the Company	$	1,614	$	(21,734)
Earnings (loss) per share attributable to the shareholders of the Company during the period				
Basic earnings (loss) per share		$(0.05)		$(0.26)
Diluted earnings (loss) per share		$(0.05)		$(0.26)

Interim Condensed Consolidated Balance Sheets
As at March 31, 2023 and December 31, 2022
(Unaudited)

(Expressed in Thousands of Canadian Dollars)

	March 31, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	$ 42,861	$ 55,267
Trade receivables and other	273,922	255,518
Income taxes recoverable	9,477	7,399
Derivative financial instruments	1,658	1,694
Total current assets	327,918	319,878
Non-current assets		
Trade receivables and other	8,299	6,969
Derivative financial instruments	19,261	18,519
Investments	20,605	19,313
Investment in joint venture	20,015	19,509
Deferred tax assets	27,361	28,855
Right-of-use assets	35,056	38,873
Property, plant and equipment	21,275	21,582
Intangibles	284,908	292,806
Goodwill	499,641	497,582
Total non-current assets	936,421	944,008
Total assets	$ 1,264,339	$ 1,263,886
Liabilities		
Current liabilities		
Trade payables and other	$ 189,139	$ 222,941
Income taxes payable	2,893	2,063
Lease liabilities	16,130	14,856
Total current liabilities	208,162	239,860
Non-current liabilities		
Trade payables and other	28,071	27,265
Lease liabilities	42,851	45,459
Borrowings	348,663	317,828
Deferred tax liabilities	32,055	33,604
Total non-current liabilities	451,640	424,156
Total liabilities	659,802	664,016
Shareholders' equity		
Share capital	760,286	747,668
Contributed surplus	45,923	48,608
Accumulated other comprehensive income (loss)	51,192	47,165
Retained earnings (deficit)	(252,864)	(243,571)
Total shareholders' equity	604,537	599,870
Total liabilities and shareholders' equity	$ 1,264,339	$ 1,263,886

Interim Condensed Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2023 and 2022
(Unaudited)

(Expressed in Thousands of Canadian Dollars)

	Three months ended March 31	
	2023	**2022**
Cash flows from operating activities		
Profit (loss) before income taxes	$ (2,877)	$ (14,142)
Adjustments for:		
Depreciation of right-of-use assets	2,911	3,204
Depreciation of property, plant and equipment	1,350	1,594
Amortization of intangibles	11,111	10,685
Finance costs (income), net - leases	371	497
Finance costs (income), net - other	6,374	1,479
Share-based compensation	7,161	6,040
Unrealized foreign exchange (gain) loss	435	610
(Gain) loss on investments	(413)	(166)
(Gain) loss on disposal of right-of-use assets, property, plant and equipment and intangibles	(2)	(13)
(Gain) loss on equity derivatives	(1,756)	10,474
Share of (profit) loss of joint venture	(506)	(606)
Impairment of right-of-use assets, net of (gain) loss on sub-leases	760	3,752
Net changes in:		
Operating working capital	(49,225)	(15,478)
Liabilities for cash-settled share-based compensation	(611)	(11,918)
Deferred consideration payables	-	141
Contingent consideration payables	-	6
Net cash generated by (used in) operations	(24,917)	(3,841)
Less: interest paid on borrowings	(4,816)	(1,394)
Less: interest paid on leases	(371)	(497)
Less: income taxes paid	(878)	(1,620)
Add: income taxes refunded	-	152
Net cash provided by (used in) operating activities	(30,982)	(7,200)
Cash flows from financing activities		
Proceeds from exercise of options	7,266	1,012
Financing fees paid	3	(8)
Proceeds from borrowings	38,000	30,500
Repayment of borrowings	(9,497)	(4,489)
Payments of principal on lease liabilities	(3,131)	(3,374)
Proceeds from right-of-use asset lease inducements	525	-
Dividends paid	(6,576)	(6,031)
Treasury shares purchased for share-based compensation	(4,734)	(3,511)
Cancellation of shares	-	(7,695)
Net cash provided by (used in) financing activities	21,856	6,404
Cash flows from investing activities		
Purchase of investments	-	(145)
Purchase of intangibles	(1,876)	(1,409)
Purchase of property, plant and equipment	(1,556)	(1,096)
Proceeds from investments	-	21
Net cash provided by (used in) investing activities	(3,432)	(2,629)
Effect of foreign currency translation	152	(1,002)
Net increase (decrease) in cash and cash equivalents	(12,406)	(4,427)
Cash and cash equivalents, beginning of period	55,267	51,271
Cash and cash equivalents, end of period	$ 42,861	$ 46,844

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 March 31,			
In thousands of dollars, except for per share amounts		**2023**		2022
Profit (loss) for the period	$	(2,413)	$	(11,456)
Occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 (1)		(3,002)		(3,183)
Depreciation of right-of-use assets		2,911		3,204
Depreciation of property, plant and equipment and amortization of intangibles (7)		12,461		12,279
Acquisition and related transition costs (income)		177		1,861
Unrealized foreign exchange (gain) loss (2)		435		610
Gain (loss) on disposal of right-of-use assets, property, plant and equipment and intangibles (2)		(2)		(13)
Share of (profit) loss of joint venture		(506)		(606)
Non-cash share-based compensation costs (3)		5,833		4,620
(Gain) loss on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs (3)		(572)		2,441
Restructuring costs (recovery)		813		8,356
(Gain) loss on investments (4)		(413)		(166)
Other non-operating and/or non-recurring (income) costs (5)		4,525		504
Finance costs (income), net - leases		371		497
Finance costs (income), net - other (8)		6,374		1,479
Income tax expense (recovery) (9)		(464)		(2,686)
Adjusted EBITDA	$	26,528	$	17,741
Depreciation of property, plant and equipment and amortization of intangibles of non-acquired businesses (7)		(2,990)		(1,847)
Finance (costs) income, net - other (8)		(6,374)		(1,479)
(Gain) loss on hedging transactions, including currency forward contracts and interest expense (income) on swaps		1,208		-
Interest accretion on contingent consideration payables		-		6
Tax effect of adjusted earnings (loss) adjustments (9)		(3,214)		(2,465)
Adjusted earnings (loss)*	$	15,158	$	11,956
Weighted average number of shares - basic		45,012,311		44,170,613
Weighted average number of restricted shares		562,663		680,772
Weighted average number of shares - adjusted		45,574,974		44,851,385
Adjusted earnings (loss) per share (6)		**$0.33**		**$0.27**

(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 interim condensed consolidated statements of comprehensive income (loss).
(3) Included in employee compensation expenses in the interim condensed 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 ended March 31, 2023 relate to legal, advisory, and other consulting costs related to organizational and strategic initiatives. These are included in office and other operating expenses in the interim condensed consolidated statements of comprehensive income (loss).
(6) Refer to page 4 of our Management's Discussion and Analysis for the period ended March 31, 2023 ("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 the MD&A for the definition of Adjusted Earnings (Loss).

Reconciliation of 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 March 31,**	
In thousands of dollars	**2023**	2022
Net cash provided by (used in) operating activities	$ (30,982)	$ (7,200)
Less: Capital Expenditures	(3,432)	(2,505)
Free Cash Flow	$ (34,414)	$ (9,705)

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 March 31, 2023	
	As presented	For Constant Currency
Canadian Dollar	1.000	1.000
United States Dollar	1.352	1.267
Pound Sterling	1.642	1.700
Euro	1.450	1.422
Australian Dollar	0.924	0.917

	Quarter ended March 31, 2022	
	As presented	For Constant Currency
Canadian Dollar	1.000	1.000
United States Dollar	1.267	1.266
Pound Sterling	1.700	1.746
Euro	1.422	1.527
Australian Dollar	0.917	0.978