



Altus Group Reports First Quarter 2021 Financial Results

Steady Growth in Key Financial Metrics, Posts 42% Bookings Growth at Altus Analytics

TORONTO (May 6, 2021) - Altus Group Limited ("Altus Group" or "the Company") (TSX: AIF), a leading provider of software, data solutions and independent advisory services to the global commercial real estate industry, announced today its financial and operating results for the first quarter ended March 31, 2021.

Unless otherwise indicated, all amounts are in Canadian dollars and percentages are in comparison to the same period in 2020. Non-IFRS measures and Altus Analytics selected metrics are defined at the end of this press release.

Summary:

- Consolidated revenues were \$137.2 million, up 4.5%
- Consolidated profit from continuing operations, in accordance with IFRS, was \$2.6 million, up 50.1%
- Consolidated earnings per share from continuing operations, in accordance with IFRS, was \$0.07 per share, basic and \$0.06 per share, diluted, compared to \$0.04 per share, basic and diluted
- Consolidated Adjusted EBITDA was \$17.2 million, up 30.1%
- Adjusted EPS was \$0.34, compared to \$0.20
- Altus Analytics revenues grew 4.9% to \$54.2 million, of which Over Time revenues grew 6.7% to \$42.8 million, while Adjusted EBITDA increased by 23.2% to \$10.2 million
- Altus Analytics Bookings, a newly introduced metric, improved by 42.2% to \$21.3 million
- CRE Consulting revenues grew 4.2% to \$83.0 million and Adjusted EBITDA increased by 27.8% to \$15.0 million, driven by healthy revenue and earnings growth both at Property Tax and at Valuation and Cost Advisory
- At the end of the quarter Bank debt was \$128.0 million (representing a funded debt to EBITDA leverage ratio of 1.11 times) and cash and cash equivalents was \$69.1 million
- Subsequent to quarter end, the Company solidified its expansion into debt management SaaS solutions by closing on the previously announced acquisition of Finance Active, and advanced on its data strategy by acquiring StratoDem Analytics, a data-science-as-a-service platform for the real estate sector

"Altus Group had a very productive start to the year executing on our long-term growth strategy, including closing two strategic acquisitions, increasing ARGUS Cloud adoption, and delivering robust topline and earnings growth at all our business segments," said Mike Gordon, Chief Executive Officer at Altus Group. "We feel confident about the opportunities ahead of us in 2021 and the 42% year-over-year increase in Bookings at Altus Analytics is a strong indicator of future growth."

Acquisition of StratoDem Analytics

On May 4, 2021 Altus Group acquired certain assets of StratoDem Analytics for US\$24.4 million (approximately \$29.9 million), in cash and common shares, subject to adjustments. StratoDem Analytics is an early-stage



company offering data-science-as-a-service for the real estate sector. The cloud-based StratoDem Analytics platform integrates vast amounts of granular local demographic and economic datasets to generate predictive models and analytical tools that enable clients to better understand the factors influencing the market and build more accurate models and forecasts. Through this acquisition, the StratoDem Analytics platform is a core component to Altus Group's long-term data strategy, bringing valuable data science talent and technology, and accelerating the Company's speed to market for future data analytics products. Based in the U.S., StratoDem Analytics' team will join the Altus Analytics business unit.

Summary of Operating and Financial Performance by Business Segment:

All amounts are in Canadian dollars and percentages are in comparison to the same period in 2020, as applicable. Note that the quarterly 2020 Adjusted EBITDA results by business segment have been restated to reflect accrued variable compensation costs within the respective business units, versus the former treatment of accruing under the Corporate segment and reallocating in the fourth quarter.

CONSOLIDATED		Quarter ended March 31,	
<i>In thousands of dollars</i>	2021	2020	% Change
Revenues	\$ 137,158	\$ 131,256	4.5%
Adjusted EBITDA	\$ 17,240	\$ 13,248	30.1%
Adjusted EBITDA Margin	12.6%	10.1%	
Profit (loss) from continuing operations	\$ 2,637	\$ 1,757	50.1%
Earnings (loss) per share from continuing operations:			
Basic	\$0.07	\$0.04	
Diluted	\$0.06	\$0.04	
Adjusted	\$0.34	\$0.20	
Dividends declared per share	\$0.15	\$0.15	

Altus Analytics		Quarter ended March 31,	
<i>In thousands of dollars</i>	2021	2020	% Change
Revenues	\$ 54,240	\$ 51,719	4.9%
Adjusted EBITDA	\$ 10,212	\$ 8,289	23.2%
Adjusted EBITDA Margin	18.8%	16.0%	

Selected Metrics *			
Bookings	\$ 21,299	\$ 14,981	42.2%
Over Time revenues	\$ 42,788	\$ 40,083	6.7%
AE software maintenance retention rate	94%	96%	
Geographical revenue split			
North America	80%	82%	
International	20%	18%	
Cloud adoption rate (as at end of period)	22%	6%	

**Refer to the definitions below or on pages 3 and 4 of the MD&A for the quarter ended March 31, 2021*



CRE Consulting	Quarter ended March 31,		
<i>In thousands of dollars</i>	2021	2020	% Change
Revenues			
Property Tax	\$ 54,670	\$ 52,596	3.9%
Valuation and Cost Advisory	28,323	27,015	4.8%
Revenues	\$ 82,993	\$ 79,611	4.2%
Adjusted EBITDA			
Property Tax	\$ 11,114	\$ 9,314	19.3%
Valuation and Cost Advisory	3,892	2,428	60.3%
Adjusted EBITDA	\$ 15,006	\$ 11,742	27.8%
Adjusted EBITDA Margin	18.1%	14.7%	

Q1 2021 Review

On a consolidated basis, revenues grew by 4.5% year-over-year to \$137.2 million and Adjusted EBITDA increased by 30.1% to \$17.2 million. Acquisitions represented 1.8% of the 4.5% revenue growth and 7.7% of the 30.1% Adjusted EBITDA growth. Adjusting for the impact of currency, consolidated revenues grew by 6.1% and Adjusted EBITDA by 34.8%.

Consolidated profit from continuing operations, in accordance with IFRS, was \$2.6 million, up 50.1% from \$1.8 million in the same period in 2020. In addition to the higher Adjusted EBITDA performance, profit from continuing operations increased as a result of lower amortization of some historical acquisition-related intangibles, lower interest related to our bank credit facilities, and lower income tax expense, offset by acquisition and related costs for the April 1, 2021 acquisition of Finance Active and the May 4, 2021 acquisition of StratoDem Analytics. Profit from continuing operations was \$0.07 per share, basic and \$0.06 per share, diluted, compared to \$0.04 per share, basic and diluted, in the same period in 2020.

Adjusted EPS was \$0.34, compared to \$0.20 in the first quarter of 2020.

Altus Analytics revenues increased by 4.9% to \$54.2 million, of which Over Time³ revenues grew 6.7% to \$42.8 million. Adjusting for the impact of currency, Altus Analytics revenues grew 8.4%, and Over Time revenues grew 10.2%. Adjusted EBITDA was up 23.2% to \$10.2 million, or up 29.6% adjusted for the impact of currency.

- The healthy growth in Over Time revenues benefitted from higher subscription revenue and robust growth generated from Appraisal Management solutions driven by new client additions and existing clients adding more assets on the ARGUS ValueInsight valuation management platform.
- In addition to the Over Time⁶ revenue growth, total revenue growth in the first quarter also benefitted from increased year-over-year revenues from software consulting services which continue to be impacted by the ongoing COVID-19 pandemic but gradually recovering.
- Bookings in the quarter increased by 42.2% year-over-year from \$15.0 million to \$21.3 million (up 46.1% adjusted for the impact of currency), and the Company finished the quarter with a growing pipeline of future opportunities.



- The transition of AE to cloud subscriptions progressed at a healthy pace throughout the first quarter with continued momentum in migrating existing customers from the on-premise product and selling cloud-enabled AE to new customers. As at the end of the first quarter, 22% of Company's total AE user base was contracted on ARGUS Cloud, compared to 14% at the end of 2020.

CRE Consulting revenues increased by 4.2% to \$83.0 million and Adjusted EBITDA increased 27.8% to \$15.0 million, driven by healthy growth at both Property Tax and Valuation and Cost Advisory. Adjusting for the impact of currency, CRE Consulting revenues increased 4.6% and Adjusted EBITDA by 28.7%.

- Property Tax revenues increased 3.9% to \$54.7 million and Adjusted EBITDA increased 19.3% to \$11.1 million, benefitting from double-digit revenue growth in the U.K. and robust performance in Canada, partly offset by the U.S. operations being impacted by COVID-related delays on settlement activity across several jurisdictions.
- Valuation and Cost Advisory revenues were up by 4.8% to \$28.3 million and Adjusted EBITDA improved by 60.3% to \$3.9 million, reflecting higher transaction levels with the Valuation practice.

Corporate Costs were \$8.0 million, compared to \$6.8 million (restated to reflect accrued variable compensation costs within the respective business units) in the same period in 2020. Corporate costs increased primarily due to higher consulting fees for professional advisory. Starting in the first quarter of 2021, the Company accrued and allocated variable compensation costs for the business units directly on a quarterly basis, versus the former treatment of accruing under the Corporate segment and reallocating in the fourth quarter. A table detailing the 2020 quarterly results under the new treatment is posted on our website under the Investor Relations section.

Altus Group's balance sheet remains healthy, reinforcing the Company's financial flexibility to pursue its growth strategy. At the end of the first quarter, bank debt stood at \$128.0 million, representing a funded debt to EBITDA leverage ratio of 1.11 times (well below its maximum limit of 4.00 times) and cash and cash equivalents was \$69.1 million.

Q1 2021 Results Conference Call & Webcast

Date:	Thursday, May 6, 2021
Time:	5:00 p.m. (ET)
Webcast:	altusgroup.com (under Investor Relations)
Live Call:	1-800-319-4610 (toll-free North America) or 416-915-3239 (Toronto area)
Replay:	available via webcast at altusgroup.com



About Altus Group Limited

Altus Group Limited is a leading provider of software, data solutions and independent advisory services to the global commercial real estate industry. Our businesses, Altus Analytics and Altus Commercial Real Estate Consulting, reflect decades of experience, a range of expertise, and technology-enabled capabilities. Our solutions empower clients to analyze, gain insight and recognize value on their real estate investments. Headquartered in Canada, we have approximately 2,400 employees around the world, with operations in North America, Europe and Asia Pacific. Our clients include many of the world's largest commercial real estate industry participants. Altus Group pays a quarterly dividend of \$0.15 per share and our shares are traded on the Toronto Stock Exchange under the symbol AIF.

For more information on Altus Group, please visit: www.altusgroup.com.

Non-IFRS Measures and Altus Analytics Selected Metrics Definitions

Altus Group uses certain non-IFRS measures as indicators of financial 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. The Company believes that these measures are useful supplemental measures that may assist investors in assessing an investment in its shares and provide more insight into its performance.

- **Adjusted EBITDA** (Adjusted Earnings before Interest, Taxes, Depreciation and Amortization), 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 right-of-use assets, property, plant and equipment and intangibles, share of (profit) loss of joint venture, impairment charges, 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") 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. Adjusted EBITDA margin represents the percentage factor of Adjusted EBITDA to revenues.
- **Adjusted EPS** (Adjusted Earnings (Loss) Per Share), represents basic earnings (loss) per share from continuing operations adjusted for the effects of: occupancy costs calculated on a similar basis prior to the adoption of IFRS 16, depreciation of right-of-use assets, finance costs (income), net - leases, amortization of intangibles of acquired businesses, unrealized foreign exchange losses (gains), (gains) losses on disposal of right-of-use assets, property, plant and equipment and intangibles, non-cash share-based compensation costs, losses (gains) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged, interest accretion on contingent consideration payables, restructuring costs (recovery), losses (gains) on hedging transactions and interest expense (income) on swaps, acquisition and related transition costs (income), losses (gains) on investments, share of (profit) loss of joint venture, impairment charges, (gains) losses on derivatives, and other costs or income of a non-operating and/or non-recurring nature. The basic weighted average number of shares is adjusted for the effects of weighted average number of restricted shares. All of the adjustments are made net of tax.
- **Over Time revenues**, are consistent with IFRS 15, Revenue from Contracts with Customers. These Over Time revenues are comprised of subscription revenues recognized on an over time basis in accordance with IFRS 15, maintenance revenues from legacy perpetual licenses, Appraisal Management revenues, and data subscription revenues.



- **AE software maintenance retention rate**, is calculated as a percentage of ARGUS Enterprise (“AE”) software maintenance revenue retained upon renewal; it represents the percentage of the available 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**, is a metric that represents the percentage of the total AE user base contracted on the ARGUS Cloud platform. It includes both new AE cloud users as well as those who have migrated from the legacy AE on-premise software.
- **Bookings**, is a metric introduced in the first quarter of 2021 for the Altus Analytics business segment. Altus Group defines Bookings as the annual contract value (“ACV”) for new sales of its recurring offerings (software, Appraisal Management solutions and data subscriptions) and the total contract value (“TCV”) for one-time engagements (consulting, training and due diligence).

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 our business and operating initiatives, focuses and strategies, our expectations of future performance for our various business units and our consolidated financial results, including the guidance on financial expectations, and our expectations with respect to cash flows and liquidity. Generally, forward-looking information can be identified by use of words such as “may”, “will”, “expect”, “believe”, “plan”, “would”, “could”, “remain” and other similar terminology. All of the forward-looking information in this press release is qualified by this cautionary statement.

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 cause actual results, performance or achievements, industry results or events to be materially different from those expressed or implied by the forward-looking information. The material factors or assumptions that we identified and applied in drawing conclusions or making forecasts or projections set out in the forward-looking information include, but are not limited to: engagement and product pipeline opportunities in Altus Analytics will result in associated definitive agreements; settlement volumes in the Property Tax business will occur on a timely basis and that assessment authorities will process appeals in a manner consistent with expectations; the successful execution of our business strategies; consistent and stable economic conditions or conditions in the financial markets; consistent and stable legislation in the various countries in which we operate; no disruptive changes in the technology environment; the opportunity to acquire accretive businesses; the successful integration of acquired businesses; and the continued availability of qualified professionals.

The COVID-19 pandemic has cast additional uncertainty on each of these factors and assumptions. There can be no assurance that they will continue to be valid. Given the rapid pace of change with respect to the COVID-19 pandemic, it is difficult to make further assumptions about these matters. The duration, extent and severity of the impact the COVID-19 pandemic, including measures to prevent its spread, will have on our business is uncertain and difficult to predict at this time. As of the date of this press release many of our offices and clients remain subject to limitations and restrictions set to reduce the spread of COVID-19, and a significant portion of our employees continue to work remotely.

Inherent in the forward-looking information are known and unknown risks, uncertainties and other factors that could cause our actual results, performance or achievements, or industry results, to differ materially from any results, performance or achievements expressed or implied by such forward-looking information. Those risks, uncertainties and other factors that could cause actual results to differ materially from the forward-looking information include, but are not limited to: the general state of the economy; the COVID-19 pandemic; currency; our financial performance; our financial targets; the commercial real estate market; industry competition; our acquisitions; our cloud subscriptions transition; software renewals; professional talent; third party information; enterprise transactions; new product introductions; technological change; intellectual property; technology strategy; information technology governance and security; our product pipeline; property tax appeals; legislative and regulatory changes; fixed-price and contingency engagements; appraisal and appraisal management mandates; the Canadian multi-residential market; customer concentration and the loss of material clients; interest



rates; credit; income tax matters; health and safety hazards; our contractual obligations; legal proceedings; our insurance limits; our ability to meet the solvency requirements necessary to make dividend payments; leverage and financial covenants; our share price; our capital investments; and the issuance of additional common shares, as well as those described in our annual publicly filed documents, including the Annual Information Form for the year ended December 31, 2020 (which are available on SEDAR at www.sedar.com).

Given these risks, uncertainties and other factors, 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 we have 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, we do not undertake to update or revise it to reflect new events or circumstances. Additionally, we undertake no obligation to comment on analyses, expectations or statements made by third parties in respect of Altus Group, our financial or operating results, or our securities.

Certain information in this 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, 2021 and 2020
(Unaudited)**

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

	Three months ended March 31	
	2021	2020
Revenues	\$ 137,158	\$ 131,256
Expenses		
Employee compensation	93,220	88,355
Occupancy	1,870	2,071
Office and other operating	23,697	26,882
Depreciation of right-of-use assets	2,768	2,872
Depreciation of property, plant and equipment	1,255	1,323
Amortization of intangibles	5,517	6,394
Acquisition and related transition costs (income)	5,182	(1,176)
Share of (profit) loss of joint venture	389	-
Restructuring costs (recovery)	(49)	(25)
(Gain) loss on investments	(188)	(125)
Finance costs (income), net - leases	570	660
Finance costs (income), net - other	578	1,507
Profit (loss) from continuing operations before income taxes	2,349	2,518
Income tax expense (recovery)	(288)	761
Profit (loss) for the period from continuing operations	\$ 2,637	\$ 1,757
Profit (loss) for the period from discontinued operations	-	(5,436)
Profit (loss) for the period attributable to shareholders	\$ 2,637	\$ (3,679)
Other comprehensive income (loss):		
Items that may be reclassified to profit or loss in subsequent periods:		
Currency translation differences	(4,509)	21,666
Items that are not reclassified to profit or loss in subsequent periods:		
Change in fair value of FVOCI investments, net of tax	(258)	(1,250)
Other comprehensive income (loss), net of tax	(4,767)	20,416
Total comprehensive income (loss) for the period, net of tax, attributable to shareholders	\$ (2,130)	\$ 16,737
Earnings (loss) per share attributable to the shareholders of the Company during the period		
Basic earnings (loss) per share:		
Continuing operations	\$0.07	\$0.04
Discontinued operations	\$0.00	\$(0.14)
Diluted earnings (loss) per share:		
Continuing operations	\$0.06	\$0.04
Discontinued operations	\$0.00	\$(0.13)



Interim Condensed Consolidated Balance Sheets As at March 31, 2021 and December 31, 2020 (Unaudited)

(Expressed in Thousands of Canadian Dollars)

	March 31, 2021	December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	\$ 69,072	\$ 69,637
Trade receivables and other	179,381	193,072
Income taxes recoverable	4,333	3,385
Derivative financial instruments	4,986	2,477
	257,772	268,571
Non-current assets		
Trade receivables and other	1,191	1,370
Derivative financial instruments	11,648	8,800
Investments	10,118	10,356
Investment in joint venture	14,920	15,309
Deferred tax assets	20,082	19,930
Right-of-use assets	56,015	51,690
Property, plant and equipment	19,258	20,376
Intangibles	72,325	77,928
Goodwill	258,610	261,070
	464,167	466,829
Total Assets	\$ 721,939	\$ 735,400
Liabilities		
Current liabilities		
Trade payables and other	\$ 113,900	\$ 140,294
Income taxes payable	1,441	1,190
Lease liabilities	11,401	11,700
Derivative financial instruments	2,854	-
	129,596	153,184
Non-current liabilities		
Trade payables and other	21,873	17,206
Lease liabilities	55,855	51,883
Borrowings	127,496	122,432
Deferred tax liabilities	6,310	7,246
	211,534	198,767
Total Liabilities	341,130	351,951
Shareholders' Equity		
Share capital	540,299	529,866
Contributed surplus	25,666	30,428
Accumulated other comprehensive income (loss)	36,024	40,791
Retained earnings (deficit)	(221,180)	(217,636)
Total Shareholders' Equity	380,809	383,449
Total Liabilities and Shareholders' Equity	\$ 721,939	\$ 735,400



Interim Condensed Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2021 and 2020
(Unaudited)
(Expressed in Thousands of Canadian Dollars)

	Three months ended March 31	
	2021	2020
Cash flows from operating activities		
Profit (loss) from continuing operations before income taxes	\$ 2,349	\$ 2,518
Profit (loss) from discontinued operations before income taxes	-	(5,436)
Profit (loss) before income taxes	\$ 2,349	\$ (2,918)
Adjustments for:		
Depreciation of right-of-use assets	2,768	2,924
Depreciation of property, plant and equipment	1,255	1,434
Amortization of intangibles	5,517	6,395
Finance costs (income), net - leases	570	699
Finance costs (income), net - other	578	1,498
Share-based compensation	3,448	2,612
Unrealized foreign exchange (gain) loss	419	(772)
(Gain) loss on investments	(188)	(125)
(Gain) loss on disposal of right-of-use assets, property, plant and equipment and intangibles	(238)	(32)
(Gain) loss on derivatives	(2,503)	1,436
Share of (profit) loss of joint venture	389	-
Fair value loss (gain) on net assets directly associated with discontinued operations	-	4,507
Net changes in operating working capital	(8,253)	(29,572)
Net cash generated by (used in) operations	6,111	(11,914)
Less: interest paid on borrowings	(511)	(1,164)
Less: interest paid on leases	(570)	(699)
Less: income taxes paid	(1,366)	(3,274)
Add: income taxes refunded	67	639
Net cash provided by (used in) operating activities	3,731	(16,412)
Cash flows from financing activities		
Proceeds from exercise of options	7,065	5,391
Financing fees paid	-	(553)
Proceeds from borrowings	8,000	38,135
Repayment of borrowings	(3,000)	(17)
Payments of principal on lease liabilities	(2,873)	(3,863)
Dividends paid	(5,437)	(5,340)
Treasury shares purchased for share-based compensation	(5,607)	(4,017)
Net cash provided by (used in) financing activities	(1,852)	29,736
Cash flows from investing activities		
Purchase of investments	(36)	(145)
Purchase of intangibles	(948)	(63)
Purchase of property, plant and equipment	(489)	(920)
Proceeds from disposal of property, plant and equipment and intangibles	-	53
Net cash provided by (used in) investing activities	(1,473)	(1,075)
Effect of foreign currency translation	(971)	2,357
Net increase (decrease) in cash and cash equivalents	(565)	14,606
Cash and cash equivalents, beginning of period	69,637	60,262
Cash and cash equivalents, end of period	\$ 69,072	\$ 74,868