



Financial Statements

Q1 2023

For the three months ended March 31, 2023



Interim Condensed Consolidated Financial Statements
March 31, 2023 and 2022
(Unaudited)
(Expressed in Thousands of Canadian Dollars)

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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)

	Notes	Three months ended March 31	
		2023	2022
Revenues	5	\$ 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)	10	813	8,356
(Gain) loss on investments		(413)	(166)
Finance costs (income), net - leases	6	371	497
Finance costs (income), net - other	6	6,374	1,479
Profit (loss) before income taxes		(2,877)	(14,142)
Income tax expense (recovery)	7	(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	9	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	15	\$(0.05)	\$(0.26)
Diluted earnings (loss) per share	15	\$(0.05)	\$(0.26)

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

Interim Condensed Consolidated Balance Sheets
As at March 31, 2023 and December 31, 2022
(Unaudited)
(Expressed in Thousands of Canadian Dollars)

	Notes	March 31, 2023	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents		\$ 42,861	\$ 55,267
Trade receivables and other	8	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	8,299	6,969
Derivative financial instruments		19,261	18,519
Investments	9	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	10	\$ 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	10	28,071	27,265
Lease liabilities		42,851	45,459
Borrowings	11	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	13	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

The accompanying notes are an integral part of these interim condensed consolidated financial statements.
 Commitments and contingencies (Note 18)

Interim Condensed Consolidated Statements of Changes in Equity
For the Three Months Ended March 31, 2023 and 2022
(Unaudited)
(Expressed in Thousands of Canadian Dollars)

	Notes	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Other Equity	Retained Earnings (Deficit)	Total	Non-controlling Interest	Total Shareholders' Equity
As at January 1, 2022		\$ 726,325	\$ 42,364	\$ 38,439	\$ (244)	\$ (217,406)	\$ 589,478	\$ (115)	\$ 589,363
Profit (loss) for the period		-	-	-	-	(11,518)	(11,518)	62	(11,456)
Other comprehensive income (loss), net of tax:									
Currency translation differences		-	-	(9,354)	-	-	(9,354)	-	(9,354)
Changes in investments measured at fair value through other comprehensive income		-	-	(862)	-	-	(862)	-	(862)
Total comprehensive income (loss) for the period		-	-	(10,216)	-	(11,518)	(21,734)	62	(21,672)
Change in fair value of non-controlling interest liability		-	-	-	15	-	15	-	15
Transactions with owners:									
Dividends declared		-	-	-	-	(6,761)	(6,761)	-	(6,761)
Share-based compensation		-	6,040	-	-	-	6,040	-	6,040
Dividend Reinvestment Plan		693	-	-	-	-	693	-	693
Shares issued on exercise of options		1,189	(177)	-	-	-	1,012	-	1,012
Shares issued for share-based compensation		3,264	(3,264)	-	-	-	-	-	-
Treasury shares reserved for share-based compensation		(4,304)	-	-	-	-	(4,304)	-	(4,304)
Cancellation of shares		(8,482)	-	-	-	-	(8,482)	-	(8,482)
Release of treasury shares		6,326	(5,536)	-	-	-	790	-	790
Gain (loss) on sale of RSs and shares held in escrow		-	3	-	-	-	3	-	3
Total		(1,314)	(2,934)	-	15	(6,761)	(10,994)	-	(10,994)
As at March 31, 2022		\$ 725,011	\$ 39,430	\$ 28,223	\$ (229)	\$ (235,685)	\$ 556,750	\$ (53)	\$ 556,697
As at January 1, 2023		\$ 747,668	\$ 48,608	\$ 47,165	\$ -	\$ (243,571)	\$ 599,870	\$ -	\$ 599,870
Profit (loss) for the period		-	-	-	-	(2,413)	(2,413)	-	(2,413)
Other comprehensive income (loss), net of tax:									
Currency translation differences		-	-	3,381	-	-	3,381	-	3,381
Changes in investments measured at fair value through other comprehensive income		-	-	646	-	-	646	-	646
Total comprehensive income (loss) for the period		-	-	4,027	-	(2,413)	1,614	-	1,614
Transactions with owners:									
Dividends declared	16	-	-	-	-	(6,880)	(6,880)	-	(6,880)
Share-based compensation	14	-	7,161	-	-	-	7,161	-	7,161
Dividend Reinvestment Plan	13	240	-	-	-	-	240	-	240
Shares issued on exercise of options	13, 14	8,554	(1,288)	-	-	-	7,266	-	7,266
Shares issued for share-based compensation	13, 14	4,931	(4,931)	-	-	-	-	-	-
Treasury shares reserved for share-based compensation	14	(5,085)	-	-	-	-	(5,085)	-	(5,085)
Release of treasury shares	13, 14	3,978	(3,627)	-	-	-	351	-	351
Total		12,618	(2,685)	-	-	(6,880)	3,053	-	3,053
As at March 31, 2023		\$ 760,286	\$ 45,923	\$ 51,192	\$ -	\$ (252,864)	\$ 604,537	\$ -	\$ 604,537

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

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

	Notes	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	6	371	497
Finance costs (income), net - other	6	6,374	1,479
Share-based compensation	14	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	10	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	13, 14	7,266	1,012
Financing fees paid		3	(8)
Proceeds from borrowings	11	38,000	30,500
Repayment of borrowings	11	(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	16	(6,576)	(6,031)
Treasury shares purchased for share-based compensation	13, 14	(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	9	-	(145)
Purchase of intangibles		(1,876)	(1,409)
Purchase of property, plant and equipment		(1,556)	(1,096)
Proceeds from investments	9	-	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

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

1. Business and Structure

Altus Group Limited (the “Company”) is a leading provider of asset and fund intelligence for commercial real estate. The Company delivers intelligence as a service to its global client base through a connected platform of industry-leading technology, advanced analytics and advisory services. The Company is a global company headquartered in Toronto with approximately 2,800 employees across North America, EMEA and Asia Pacific.

The Company conducts its business through two business units: 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 March 31, 2023 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, 2022.

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, 2022.

These interim financial statements were approved by the Board of Directors for issue on May 4, 2023.

3. Changes in Significant Accounting Policies and Estimates

Adoption of Recent Accounting Pronouncements

Amendments to IAS 8: Definition of Accounting Estimate

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

The new guidance is effective for annual periods beginning on or after January 1, 2023, with earlier application permitted, and applies to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. These amendments did not have a material impact on the interim financial statements.

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

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

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

The amendment is effective for annual periods beginning on or after January 1, 2023, with earlier application permitted as long as this fact is disclosed. The amendment did not have a material impact on the interim financial statements.

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

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

These amendments are effective for annual periods beginning on or after January 1, 2023 and should apply these amendments to transactions that occur on or after the beginning of the earliest comparative period presented. These amendments did not have a material 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.

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 12 months;
- require disclosures around the relevant information about the covenants to be complied with in order to have the right to defer settlement of a liability by at least 12 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 October 31, 2022, the IASB issued a deferral of the effective date for the new guidance to annual periods beginning on or after January 1, 2024, and is to be applied retrospectively. The Company has not yet determined the impact of these amendments on its interim financial statements.

4. 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 to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the most recent annual financial statements.

5. Segmented Information

The Company's segmentation reflects the way the Chief Executive Officer ("CEO") allocates resources and assesses the performance of operating segments, as well as when making decisions about the ongoing operations of the business and the Company's ability to generate cash flows based on the measures of revenue and Adjusted EBITDA. The CEO considers the business from a core services perspective which are Analytics and Commercial Real Estate ("CRE") Consulting. The Company reports the results of its operations through reportable segments: (1) Analytics; and under CRE Consulting services, (2) Property Tax and (3) Appraisals and Development Advisory (rebranded from Valuation and Cost Advisory). These reportable segment results include directly attributable items as well as those that can be allocated on a reasonable basis. Corporate and eliminations include the Company's interests in investments and other businesses that are not reportable operating segments, corporate administrative functions, and eliminations of inter-segment revenue and costs.

Adjusted EBITDA represents profit (loss) adjusted for the effects of: 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 RSUs and 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).

5. Segmented Information, cont'd

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

	Three months ended March 31, 2023	Three months ended March 31, 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	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	6,374	1,479
Income tax expense (recovery)	(464)	(2,686)
Adjusted EBITDA	\$ 26,528	\$ 17,741

⁽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 three months 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).

5. Segmented Information, cont'd

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

Segment Revenues and Expenditures

	Three months ended March 31, 2023					
	Analytics	Commercial Real Estate Property Tax	Real Estate Appraisals and Development Advisory Consulting	Corporate ⁽¹⁾	Eliminations	Total
Revenues from external customers	\$ 94,428	\$ 66,684	\$ 29,712	\$ -	\$ -	\$ 190,824
Inter-segment revenues	216	-	-	-	(216)	-
Total segment revenues	94,644	66,684	29,712	-	(216)	190,824
Adjusted EBITDA	20,212	15,072	2,978	(11,734)	-	26,528
Depreciation of right-of-use assets	645	469	157	1,640	-	2,911
Depreciation of property, plant and equipment and amortization of intangibles	3,382	2,004	117	6,958	-	12,461
Finance costs (income), net - leases	16	70	8	277	-	371
Finance costs (income), net - other	-	-	-	6,374	-	6,374
Income tax expense (recovery)	-	-	-	(464)	-	(464)

⁽¹⁾ Corporate includes global corporate office costs, finance costs (income), net - other, and income tax expense (recovery).

5. Segmented Information, cont'd

Three months ended March 31, 2022												
	Analytics		Commercial Real Estate Property Tax		Consulting Appraisals and Development Advisory	Corporate ⁽¹⁾	Eliminations	Total				
Revenues from external customers	\$	80,079	\$	58,468	\$	29,037	\$	-	\$	-	\$	167,584
Inter-segment revenues		231		-		(56)		-		(175)		-
Total segment revenues		80,310		58,468		28,981		-		(175)		167,584
Adjusted EBITDA		11,231		13,307		2,914		(9,711)		-		17,741
Depreciation of right-of-use assets		1,730		630		614		230		-		3,204
Depreciation of property, plant and equipment and amortization of intangibles		8,387		3,283		393		216		-		12,279
Finance costs (income), net - leases		103		134		106		154		-		497
Finance costs (income), net - other		-		-		-		1,479		-		1,479
Income tax expense (recovery)		-		-		-		(2,686)		-		(2,686)

⁽¹⁾ Corporate includes global corporate office costs, finance costs (income), net - other, and income tax expense (recovery).

6. Finance Costs (Income), Net

	Three months ended March 31, 2023		Three months ended March 31, 2022	
Interest on bank credit facilities	\$	5,132	\$	1,530
Interest on lease liabilities		371		497
Interest - other		73		40
Change in fair value of interest rate swaps		1,208		-
Finance costs		6,784		2,067
Finance income		(39)		(91)
Finance costs (income), net	\$	6,745	\$	1,976

7. Income Taxes

	Three months ended March 31, 2023		Three months ended March 31, 2022	
Income tax expense (recovery)				
Current	\$	(725)	\$	(3,100)
Deferred		261		414
Income tax expense (recovery)	\$	(464)	\$	(2,686)

8. Trade Receivables and Other

	March 31, 2023	December 31, 2022
Trade receivables	\$ 154,083	\$ 188,596
Less: loss allowance provision	(22,044)	(19,163)
Trade receivables, net	132,039	169,433
Contract assets: unbilled revenue on customer contracts ⁽¹⁾	104,403	56,028
Deferred costs to obtain customer contracts	5,020	4,598
Prepayments	31,686	23,777
Net investment in sub-leases	6,311	5,221
Other receivables	2,762	3,430
Total trade receivables and other	282,221	262,487
Less: non-current portion	(8,299)	(6,969)
Trade receivables and other - current	\$ 273,922	\$ 255,518

⁽¹⁾ As at March 31, 2023, contract assets are stated net of expected credit losses of \$1,265 (December 31, 2022 - \$1,028).

For the three months ended March 31, 2023, amortization associated with deferred costs to obtain customer contracts of \$837 was expensed to the interim condensed consolidated statements of comprehensive income (loss) (2022 - \$973). For the three months ended March 31, 2023 and 2022, no impairment losses on deferred costs were recognized.

9. Investments

	March 31, 2023	December 31, 2022
Investments in equity instruments	\$ 12,733	\$ 11,856
Investments in partnerships	7,872	7,457
Investments	\$ 20,605	\$ 19,313

10. Trade Payables and Other

	March 31, 2023	December 31, 2022
Trade payables	\$ 17,351	\$ 7,348
Accrued expenses	83,641	117,563
Contract liabilities: deferred revenue	88,127	90,565
Deferred consideration payables	3,284	3,284
Contingent consideration payables	3,189	3,189
Dividends payable (Note 16)	6,880	6,816
Provisions	14,738	21,441
Total trade payables and other	217,210	250,206
Less non-current portion:		
Accrued expenses	19,661	20,609
Contract liabilities: deferred revenue	2,362	495
Deferred consideration payables	1,543	1,543
Contingent consideration payables	189	189
Provisions	4,316	4,429
Trade payables and other - non-current	28,071	27,265
Trade payables and other - current	\$ 189,139	\$ 222,941

Provisions

	Restructuring	Other	Total
Balance as at January 1, 2023	\$ 21,235	\$ 206	\$ 21,441
Additional provisions, net of releases	54	-	54
Used during the period	(6,808)	-	(6,808)
Unwinding of discount	-	2	2
Exchange differences	53	(4)	49
Balance as at March 31, 2023	14,534	204	14,738
Less: non-current portion	(4,112)	(204)	(4,316)
Provisions - current	\$ 10,422	\$ -	\$ 10,422

The global restructuring program was completed in 2022, with adjustments to existing estimated restructuring costs to be incurred in and the remaining restructuring provisions relating to employee severance costs to be released in 2023. During the period ended March 31, 2023, in connection with the global restructuring program in completed in 2022, the Company incurred adjustments to existing estimated restructuring costs of \$813 of which \$760 related to the net impairment of right-of-use assets and gain (loss) on sub-leases, and the remainder primarily related to employee severance costs.

11. Borrowings

	March 31, 2023	December 31, 2022
Bank credit facilities	\$ 350,106	\$ 319,584
Less: deferred financing fees	(1,443)	(1,756)
Net borrowings	\$ 348,663	\$ 317,828

Amendments to Bank Credit Facilities

On June 28, 2022, the Company amended its bank credit facilities to further strengthen its liquidity position by increasing the Company's borrowing capacity to \$550,000 from \$400,000 with certain provisions that allow the Company to further increase the limit to \$650,000. The amended bank credit facilities also include an increase to the maximum Funded debt to EBITDA financial covenant ratio from 4.0 to 4.5 with provisions that allow for a short-term increase up to 5.0 following certain business acquisitions, and are secured on certain assets of the Company. The bank credit facilities mature on March 24, 2027, with an additional two-year extension available at the Company's option.

As at March 31, 2023, the Company was in compliance with the financial covenants of the amended bank credit facilities, which are summarized below:

	March 31, 2023
Funded debt to EBITDA (maximum of 4.50:1)	2.21:1
Interest coverage (minimum of 3.00:1)	9.52:1

12. Non-controlling Interest

On May 3, 2022, the Company purchased the remaining 30% minority interest in Verifino GmbH & Co. KG and settled the non-controlling interest liability for \$2,802 in cash. Prior to the transaction, a fair value loss of \$258 was recorded through other equity. Upon settlement, the cumulative changes in the fair value of the non-controlling interest liability in other equity and the carrying amount of the non-controlling interest's share of equity were transferred to retained earnings (deficit).

13. 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 and rank equally with regard to the Company's residual assets. Holders of these shares are entitled to participate equally in dividends. Common shares issued and outstanding are as follows:

	Common Shares	
	Number of Shares	Amount
Balance as at January 1, 2023	44,869,676	\$ 747,668
Issued on exercise of options (Note 14)	215,683	8,554
Issued under the Dividend Reinvestment Plan	4,393	240
Issued for share-based compensation (Note 14)	206,206	4,931
Treasury shares reserved for share-based compensation (Note 14)	(50,957)	(5,085)
Release of treasury shares (Note 14)	53,160	3,978
Balance as at March 31, 2023	45,298,161	\$ 760,286

As at March 31, 2023, the 45,298,161 common shares (December 31, 2022 - 44,869,676) are net of 568,000 treasury shares (December 31, 2022 - 570,203) with a carrying value of \$35,671 (December 31, 2022 - \$34,564) that are held in escrow until vesting conditions are met (Note 14).

On February 3, 2022, the Company announced that the TSX had approved the Company's notice of intention to enter into a Normal Course Issuer Bid ("NCIB"), which allowed the Company to purchase up to 1,345,142 common shares for cancellation during the period from February 8, 2022 to February 7, 2023, subject to certain daily limitations.

On February 3, 2023, the TSX approved the renewal of the Company's NCIB, which allows the Company to purchase up to 1,364,718 for cancellation during the period from February 8, 2023 to February 7, 2024, subject to certain daily limitations.

On February 28, 2023, the Company entered into an automatic share purchase plan ("ASPP") with a designated broker for the purpose of permitting the Company to purchase its common shares under the NCIB during self-imposed blackout periods. The volume of purchases is determined by the broker in its sole discretion based on maximum purchase price and volume parameters established by the Company under the ASPP. All purchases made under the ASPP will be included in computing the number of common shares purchased under the NCIB. As at March 31, 2023, there is no obligation to purchase common shares under the ASPP.

The Company has not made any purchases under the renewed NCIB during the quarter ended March 31, 2023.

14. 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

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

Movements in the number of options outstanding and the weighted average exercise price are as follows:

	Number of Options Outstanding	Weighted Average Exercise Price
Balance as at January 1, 2023	2,330,062	\$45.42
Granted	247,122	\$59.70
Exercised	(215,683)	\$33.69
Expired/Forfeited	(4,334)	\$45.87
Balance as at March 31, 2023	2,357,167	\$47.99

Information about the Company's share options outstanding and exercisable as at March 31, 2023 is as follows:

Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Number of Options Exercisable
\$25.56 - \$26.30	128,843	0.92 years	128,843
\$31.96 - \$37.93	99,001	1.37 years	52,831
\$43.38 - \$50.19	1,587,341	3.49 years	395,424
\$52.84 - \$65.67	541,982	4.16 years	87,221
\$47.99	2,357,167	3.42 years	664,319

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:

	2023
Risk-free interest rate	3.62%
Expected dividend yield	1.0%
Expected volatility	30.38% - 31.83%
Expected option life	3.00 - 4.50 years
Exercise price	\$59.70
Weighted average grant-date fair value per option	\$14.21 - \$16.80

14. Share-based Compensation, cont'd

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:

	Number of common shares
Balance as at January 1, 2023	3,091
Settled	(3,091)
Balance as at March 31, 2023	-

The Company settled vested PSUs under the Long-Term Equity Incentive Plan through the issuance of common shares:

	Number of common shares
Settled in March 2022	310,991
Settled in March 2023	206,206

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

	Number of PSUs
Granted in 2022	233,898
Granted in 2023	126,269

(ii) Long-Term Incentive Restricted Share Plan and Long-Term Incentive Restricted Share Unit Plan

The following is a summary of the Company's LTIRS Plan activity:

	Number of LTIRSs
Balance as at January 1, 2023 (all unvested)	26,782
Granted	13,654
Settled	(1,816)
Balance as at March 31, 2023 (all unvested)	38,620

In 2023, the Company granted a total value of \$1,368 under the LTIRS Plan and purchased 13,654 common shares in the open market.

14. Share-based Compensation, cont'd

The following is a summary of the Company's LTIRSU Plan activity:

	Number of LTIRSUs
Balance as at January 1, 2023 (all unvested)	126,846
Granted	73,964
Settled	(11,169)
Forfeited	(1,801)
Balance as at March 31, 2023 (all unvested)	187,840

(iii) Deferred Compensation Plans

The following is a summary of the Company's RS Plan activity:

	Number of RSs
Balance as at January 1, 2023 (all unvested)	110,881
Granted	37,303
Settled	(48,139)
Forfeited	(114)
Balance as at March 31, 2023 (all unvested)	99,931

In connection with the 2022 performance year, the Company granted a total value of \$3,717 under the RS Plan. In March 2023, the Company purchased 37,303 common shares in the open market.

The following is a summary of the Company's RSU Plan activity:

	Number of RSUs
Balance as at January 1, 2023 (all unvested)	236,942
Granted	126,960
Settled	(62,435)
Forfeited	(477)
Balance as at March 31, 2023 (all unvested)	300,990

14. Share-based Compensation, cont'd

(iv) Deferred Share Unit Plans

The following is a summary of the Company's DSU Plans activity:

	Number of DSUs
Balance as at January 1, 2023	196,860
Granted	7,510
Balance as at March 31, 2023	204,370

(v) Other Share-Based Awards

The following is a summary of the activity related to common shares held in escrow and subject to continued employment related to the Company's acquisition of Property Tax Assistance Company Inc., Finance Active SAS, StratoDem Analytics, LLC, ArGil Property Tax Services Paralegal Professional Corporation, Scryer, Inc. (d/b/a Reonomy), and Rethink Solutions Inc.:

	Number of common shares
Balance as at January 1, 2023	429,448
Balance as at March 31, 2023	429,448

(vi) Compensation Expense by Plan

	Three months ended March 31, 2023	Three months ended March 31, 2022
Equity Compensation Plan	\$ -	\$ 85
Long-Term Equity Incentive Plan	3,670	231
LTIRS Plan	257	190
LTIRSU Plan ⁽¹⁾	485	80
RS Plan	1,071	1,230
RSU Plan ⁽²⁾	1,946	(2,519)
DSU Plans ⁽³⁾	864	(3,451)
Other share-based awards	2,163	4,304

⁽¹⁾ For the three months ended March 31, 2023, the Company recorded mark-to-market adjustments of \$76 (2022 - \$(264)).

⁽²⁾ For the three months ended March 31, 2023, the Company recorded mark-to-market adjustments of \$453 (2022 - \$(3,878)).

⁽³⁾ For the three months ended March 31, 2023, the Company recorded mark-to-market adjustments of \$436 (2022 - \$(3,843)).

14. Share-based Compensation, cont'd

(vii) Liabilities for Cash-settled Plans ⁽¹⁾

	March 31, 2023	December 31, 2022
LTIRSU Plan	\$ 2,196	\$ 2,290
RSU Plan	8,640	10,021
DSU Plans	11,398	10,534

⁽¹⁾ The carrying value of the liability related to these plans is recorded in accrued expenses within trade payables and other.

15. Earnings (Loss) per Share

For the three months ended March 31, 2023, 2,357,167 share options, 564,540 RSs (including common shares issued in escrow as part of the LTIRS Plan) and 452,665 PSUs were excluded from the diluted earnings (loss) per share calculations as the impact would have been anti-dilutive.

For the three months ended March 31, 2022, 1,738,174 share options, 623,158 RSs (including common shares issued in escrow as part of the LTIRS Plan) and 363,059 PSUs were excluded from the diluted earnings (loss) per share calculations as the impact would have been anti-dilutive.

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 March 31, 2023	Three months ended March 31, 2022
Profit (loss) for the period attributable to Shareholders of the Company - basic and diluted	\$ (2,413)	\$ (11,518)
Weighted average number of common shares outstanding - basic	45,012,311	44,170,613
Dilutive effect of share options	-	-
Dilutive effect of equity awards and PSUs	-	-
Dilutive effect of RSs	-	-
Weighted average number of common shares outstanding - diluted	45,012,311	44,170,613
Earnings (loss) per share:		
Basic	\$(0.05)	\$(0.26)
Diluted	\$(0.05)	\$(0.26)

16. 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.

17. Financial Instruments and Fair Values

The Company's financial instruments consist of cash and cash equivalents, trade receivables and other (excluding deferred costs to obtain customer contracts, and prepayments), investments in equity instruments, investments in partnerships, derivative financial instruments, trade payables and other (excluding contract liabilities, LTIRSU Plan, RSU Plan and DSU Plan payables, contingent consideration payables, and deferred consideration payables), contingent consideration payables, deferred consideration payables, and borrowings.

Financial Instruments by Category

The Company classifies its financial assets as FVPL, FVOCI, or amortized cost. The tables below indicate the carrying values of financial assets and liabilities for each of the following categories:

	March 31, 2023			December 31, 2022		
	FVPL	FVOCI	Amortized Cost	FVPL	FVOCI	Amortized Cost
Assets as per Consolidated Balance Sheets:						
Cash and cash equivalents	\$ -	\$ -	\$ 42,861	\$ -	\$ -	\$ 55,267
Trade receivables and other (excluding deferred costs to obtain customer contracts, and prepayments)	-	-	245,515	-	-	234,112
Investments in equity instruments	-	12,733	-	-	11,856	-
Investments in partnerships	7,872	-	-	7,457	-	-
Derivative financial instruments	20,919	-	-	20,213	-	-
Total	\$ 28,791	\$ 12,733	\$ 288,376	\$ 27,670	\$ 11,856	\$ 289,379

	March 31, 2023		December 31, 2022	
	FVPL	Amortized Cost	FVPL	Amortized Cost
Liabilities as per Consolidated Balance Sheets:				
Trade payables and other (excluding contract liabilities, LTIRSU Plan, RSU Plan and DSU Plans payables, deferred consideration payables, and contingent consideration payables)	\$ -	\$ 100,376	\$ -	\$ 130,323
Lease liabilities	-	58,981	-	60,315
Deferred consideration payables	3,284	-	3,284	-
Contingent consideration payables	3,189	-	3,189	-
Borrowings	-	348,663	-	317,828
Total	\$ 6,473	\$ 508,020	\$ 6,473	\$ 508,466

17. 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:

March 31, 2023				
	Level 1	Level 2	Level 3	Total
Assets:				
Investments in equity instruments	\$ 3,591	\$ -	\$ 9,142	\$ 12,733
Investments in partnerships	-	-	7,872	7,872
Derivative financial instruments	-	20,919	-	20,919
Liabilities:				
Borrowings	-	350,106	-	350,106
Deferred consideration payables	-	-	3,284	3,284
Contingent consideration payables	-	-	3,189	3,189
December 31, 2022				
	Level 1	Level 2	Level 3	Total
Assets:				
Investments in equity instruments	\$ 2,708	\$ -	\$ 9,148	\$ 11,856
Investments in partnerships	-	-	7,457	7,457
Derivative financial instruments	-	20,213	-	20,213
Liabilities:				
Borrowings	-	319,584	-	319,584
Deferred consideration payables	-	-	3,284	3,284
Contingent consideration payables	-	-	3,189	3,189

For the three months ended March 31, 2023 and 2022, there were no transfers between the levels in the hierarchy.

On April 29, 2022, the Company entered into interest rate swap agreements for a total notional amount of GBP57,000. The Company is obligated to pay the counterparty to the swap agreements an amount based upon a fixed interest rate of 2.07% per annum, and the counterparty is obligated to pay the Company an amount equal to the GBP - SONIA. These agreements expire on April 13, 2027. These interest rate swaps are not designated as cash flow hedges.

17. Financial Instruments and Fair Values, cont'd

Cash and cash equivalents, trade receivables and other (excluding deferred costs to obtain customer contracts, and prepayments) due within one year, and trade payables and other (excluding contract liabilities, LTIRSU Plan, RSU Plan and DSU Plans payables, deferred consideration 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.

Derivative financial instruments are recorded in Level 2. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. The fair value of equity derivatives is calculated based on the movement in the Company's common share price between the initial common share price on the effective date and the reporting date, which are observable inputs. The fair value of currency forward contracts is calculated based on the spread between the currency forward rate and the rate on the reporting date, which are observable inputs, and applied to the notional amount.

The fair value of the bank credit facilities approximates its carrying value, as the instruments bear interest at rates comparable to current market rates. The fair value of deferred consideration payables approximates its carrying value, as the valuation techniques and discount rates applied are comparable to those based on observable market data, where available.

18. Commitments and Contingencies

As at March 31, 2023, the Company provided letters of credit of approximately \$1,402 to its lessors (December 31, 2022 - \$1,499).

As at March 31, 2023, the Company has committed to aggregate capital contributions of \$4,191 (Note 9) to certain partnerships (December 31, 2022 - \$3,874).

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.



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Stock trading symbol: AIF

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