

Altus Group Reports Q1 2024 Financial Results and Quarterly Dividend

Delivers Steady Revenue, Adjusted EBITDA and Profit Growth in Q1 2024

TORONTO (May 2, 2024) – 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, 2024 and the approval by its Board of Directors ("Board") of the payment of a cash dividend of \$0.15 per common share for the second quarter ending June 30, 2024.

Unless otherwise indicated, all amounts are in Canadian dollars and percentages are on an as reported basis in comparison to Q1 2023.

Q1 2024 Summary

- Consolidated revenues were \$199.5 million, up 4.6% (4.3% on a Constant Currency* basis).
- Profit (loss) was \$(0.2) million, compared to \$(2.4) million.
- Earnings per share ("EPS") were \$(0.00) basic and diluted, compared to \$(0.05) basic and diluted.
- Consolidated Adjusted EBITDA* was \$29.8 million, up 12.2% (12.9% on a Constant Currency basis).
- Adjusted EPS* was \$0.33, compared to \$0.33.
- Analytics revenues were \$99.0 million, up 4.6% (4.5% on a Constant Currency basis), of which Recurring Revenue* was \$91.7 million, up 7.5% (7.5% on a Constant Currency basis), and Adjusted EBITDA was \$23.1 million, up 14.2% (14.6% on a Constant Currency basis) driving a 23.3% Adjusted EBITDA margin*.
- Analytics New Bookings* totalled \$19.7 million, down 8.2% (7.8% on a Constant Currency basis), of which Recurring New Bookings* were \$16.0 million, up 13.7% (14.2% on a Constant Currency basis).
- At the end of Q1 2024, 75% of the Company's total ARGUS Enterprise ("AE") user base had been contracted on ARGUS Cloud (Cloud Adoption Rate*).
- Property Tax revenues were \$74.1 million, up 11.2% (10.2% on a Constant Currency basis), and Adjusted EBITDA was \$18.8 million, up 24.9% (24.9% on a Constant Currency basis), driving a 25.4% Adjusted EBITDA margin.
- Appraisals and Development Advisory revenues were \$26.6 million, down 10.4% (9.6% on a Constant Currency basis) and Adjusted EBITDA was \$(0.1) million, down 104.0% (103.2% on a Constant Currency basis).
- Net cash related to operating activities was \$(3.0) million, up 90.4%, and Free Cash Flow* was \$(5.7) million, up 83.5%.
- As at March 31, 2024, Funded debt to EBITDA ratio as defined in the Company's credit facility agreement was 2.15 times, and Net debt to Adjusted EBITDA leverage ratio* was 2.06 times.

*Altus Group uses certain non-GAAP financial measures such as Adjusted Earnings (Loss), and Constant Currency; non-GAAP ratios such as Adjusted EPS; total of segments measures such as Adjusted EBITDA; capital management measures such as Free Cash Flow; and supplementary financial and other measures such as Adjusted EBITDA margin, Net debt to Adjusted EBITDA leverage ratio, New Bookings, Recurring New Bookings, Non-Recurring New Bookings, Organic Revenue, Recurring Revenue, Non-Recurring Revenue, Organic 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.

"Altus Group had a solid start to the year," said Jim Hannon, Chief Executive Officer. "In Q1, our teams executed ahead of our management expectations on both revenue and Adjusted EBITDA. With market conditions showing signs of stability, we remain well positioned for sustained revenue growth and margin expansion throughout the year. Our full year 2024 business outlook is unchanged."

Summary of Operating and Financial Performance by Reportable Segment:

"CC" in the tables indicates "Constant Currency".

Consolidated						
Quarter ended March 31,						
In thousands of dollars		2024		2023	% Change	CC % Change
Revenues	\$	199,543	\$	190,824	4.6%	4.3%
Profit (loss)	\$	(153)	\$	(2,413)	93.7%	
Adjusted EBITDA	\$	29,752	\$	26,528	12.2%	12.9%
Adjusted EBITDA margin		14.9%		13.9%		
Net Cash provided by (used in) operating activities	\$	(2,969)	\$	(30,982)	90.4%	
Free Cash Flow*	\$	(5,684)	\$	(34,414)	83.5%	

Analytics						
					Quarter e	nded March 31,
In thousands of dollars		2024		2023	% Change	CC % Change
Revenues	\$	98,996	\$	94,644	4.6%	4.5%
Adjusted EBITDA	\$	23,087	\$	20,212	14.2%	14.6%
Adjusted EBITDA margin		23.3%		21.4%	190 bps	210 bps
Other Measures			-			
Recurring Revenue	\$	91,731	\$	85,324	7.5%	7.5%
New Bookings*	\$	19,657	\$	21,408	(8.2%)	(7.8%)
Recurring New Bookings	\$	15,987	\$	14,064	13.7%	14.2%
Non-Recurring New Bookings*	\$	3,670	\$	7,344	(50.0%)	(50.0%)
AE Software Maintenance Retention Rate*		89%		98%		
Geographical revenue split						
North America		77%		77%		
International		23%		23%		
Cloud Adoption Rate* (as at end of period)		75%		67%		

Property Tax						
Quarter ended March 3					nded March 31,	
In thousands of dollars		2024		2023	% Change	CC% Change
Revenues	\$	74,125	\$	66,684	11.2%	10.2%
Adjusted EBITDA	\$	18,830	\$	15,072	24.9%	24.9%
Adjusted EBITDA margin		25.4%		22.6%	280 bps	300 bps

Appraisals and Development Advisory

			Quarter e	ended March 31,
In thousands of dollars	2024	2023	% Change	CC% Change
Revenues	\$ 26,622	\$ 29,712	(10.4%)	(9.6%)
Adjusted EBITDA	(120)	\$ 2,978	(104.0%)	(103.2%)
Adjusted EBITDA margin	(0.5%)	10.0%	(1,050 bps)	(1,040 bps)

Q1 2024 Review

On a consolidated basis, revenues were \$199.5 million, up 4.6% (4.3% on a Constant Currency basis) and Adjusted EBITDA was \$29.8 million, up 12.2% (12.9% on a Constant Currency basis). Adjusted EPS was \$0.33, compared to \$0.33 in the first quarter of 2023.

Profit (loss) was \$(0.2) million and \$(0.00) per share, basic and diluted, compared to \$(2.4) million and \$(0.05) per share basic and diluted, in the same period in 2023. Profit (loss) benefitted from higher revenues and lower operating expenditures, offset by higher employee compensation costs, costs relating to the 2024 global restructuring program and additional acquisition and related costs.

Analytics revenues increased to \$99.0 million, up 4.6% (4.5% on a Constant Currency basis). Organic Revenue* growth was 3.6% (3.6% on a Constant Currency basis). Adjusted EBITDA was \$23.1 million, up 14.2% (14.6% on a Constant Currency basis) driving an Adjusted EBITDA margin of 23.3%, up 190 basis points (210 basis points on a Constant Currency basis).

- Revenue growth was driven by robust Recurring Revenue performance benefitting from the ongoing transition to cloud subscriptions, new sales, a higher number of assets on the Valuation Management Solutions ("VMS") platform, and contribution from Forbury (acquired in December 2023).
- Recurring Revenue was \$91.7 million, up 7.5% (7.5% on a Constant Currency basis). Organic Recurring Revenue* was \$90.8 million, up 6.5% (6.4% on a Constant Currency Basis) from \$85.3 million in the same period in 2023. Sequentially, Recurring Revenue decreased by 1.4% from \$93.0 million in the fourth quarter of 2023, driven primarily by seasonality in sales and at VMS. Non-Recurring Revenue* was lower in the quarter compared to the prior year.
- New Bookings totalled \$19.7 million, down 8.2% (7.8% on a Constant Currency basis). Recurring New Bookings were \$16.0 million, up 13.7% (14.2% on a Constant Currency basis), and Non-Recurring New Bookings were \$3.7 million, down 50.0% (50.0% on a Constant Currency basis).
- Adjusted EBITDA growth and margin expansion benefitted from higher revenues, operating efficiencies, ongoing cost optimization efforts, and foreign exchange fluctuations.

Property Tax revenues were \$74.1 million, up 11.2% (10.2% on a Constant Currency basis) and Adjusted EBITDA was \$18.8 million, up 24.9% (24.9% on a Constant Currency basis), driving an Adjusted EBITDA margin of 25.4%, up 280 basis points (300 basis points on a Constant Currency basis). The growth was driven by a strong start to the year in the U.S., offset by a decline in Canada and the U.K. In the U.S. certain appeals were settled earlier than anticipated. In Canada, the comparative performance is largely a factor of cycle timelines in Western Canada and the impact of the ongoing Ontario cycle extension. In the U.K. it is largely a factor of timing settlements as the backlog of opportunities remains robust.

Appraisals and Development Advisory revenues were \$26.6 million, down 10.4% (9.6% on a Constant Currency basis) and Adjusted EBITDA was \$(0.1) million, down 104.0% (103.2% on a Constant Currency basis). Adjusted EBITDA declined primarily from reduction in revenues. The performance reflects muted market activity in the current economic environment as the business segment has some exposure to reduced transaction volumes and higher interest rates, resulting in fewer appraisals and new project starts.

Corporate Costs were \$12.0 million, compared to \$11.7 million in the same period in 2023. Corporate costs remained relatively consistent, with higher costs from annual merit and benefits costs increases.

During the first quarter, the Company initiated a global restructuring program as part of its ongoing efforts to optimize its operating model. Restructuring costs were \$5.4 million, primarily relating to employee severance costs impacting the Analytics business segment and corporate functions.

Free Cash Flow was \$(5.7) million, and Net cash related to operating activities was \$(3.0) million, both were up 83.5% and 90.4%, respectively. Free Cash Flow in the quarter reflected the impact of the Company's annual bonus payouts and increased working capital balances that are typical with the seasonality of the first quarter. On a year-over-year view, the first quarter in the prior year was impacted by the anticipated delayed billings from the enterprise resource planning system implementation. However, Free Cash Flow in the first quarter of 2024 was higher than the first quarter of 2022 (\$(9.7 million) which represents a better comparative period and reflects the Company's continued focus on cash generation.

As at March 31, 2024, bank debt was \$328.6 million and cash and cash equivalents were \$44.3 million (representing a Funded debt to EBITDA ratio as defined in the Company's credit facility agreement of 2.15 times, or a Net debt to Adjusted EBITDA leverage ratio of 2.06 times).

Q2 2024 Dividend

Altus Group's Board approved the payment of a cash dividend of \$0.15 per common share for the second quarter ending June 30, 2024, with payment to be made on July 15, 2024 to common shareholders of record as at June 30, 2024.

Altus Group's Dividend Reinvestment Plan ("DRIP") permits eligible shareholders to direct their cash dividends to be reinvested in additional common shares of the Company. For shareholders who wish to reinvest their dividends under the DRIP, Altus Group intends to issue common shares from treasury at a price equal to 96% of the weighted average closing price of the shares for the five trading days preceding the dividend payment date. Full details of the DRIP program are available on the Company website.

Altus Group confirms that all dividends paid or deemed to be paid to its common shareholders qualify as "eligible dividends" for purposes of subsection 89(14) of the *Income Tax Act* (Canada) and similar provincial and territorial legislation, unless indicated otherwise.

Q1 2024 Results Conference Call & Webcast			
Date:	Thursday, May 2, 2024		
Time:	5:00 p.m. (ET)		
Webcast:	https://events.q4inc.com/attendee/328106530		
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 3,000 employees across North America, EMEA and Asia Pacific. For more information about Altus (TSX: AIF) please visit www.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.

Adjusted Earnings (Loss): Altus Group uses Adjusted Earnings (Loss) to facilitate the calculation of Adjusted EPS. <u>How it's calculated</u>: Profit (loss) added or (deducted) by: profit (loss) from discontinued operations; occupancy costs calculated on a similar basis prior to the adoption of IFRS 16; depreciation of right-of-use assets; amortization of intangibles of acquired businesses; acquisition and related transition costs (income); unrealized foreign exchange losses (gains); (gains) losses on disposal of right-of-use assets, property, plant and equipment and intangibles; share of (profit) loss of joint venture; non-cash share-based compensation costs; (gains) losses on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs; (gains) losses on derivatives; interest accretion on contingent consideration payables; restructuring costs (recovery); impairment charges; (gains) losses on investments; (gains) losses on hedging transactions and interest expense (income) on swaps; other costs or income of a non-operating and/or non-recurring nature; finance costs (income), net - leases; and the tax impact of these items.

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. <u>How it's calculated</u>: The financial results and non-GAAP and other 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. <u>How it's calculated</u>: 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. <u>How it's calculated</u>: 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. <u>How it's calculated</u>: 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. <u>How it's calculated</u>: 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. <u>How it's calculated:</u> *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 New Bookings: The total of annual contract values for new sales of new Bookings: The total of annual 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 annual 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. <u>How it's calculated</u>: Revenue deducted by revenues from business acquisitions that are not fully integrated (up to the first anniversary of the acquisition).

Recurring Revenue, Non-Recurring Revenue, Organic Recurring Revenue: For its Analytics reportable segment, Altus Group uses Recurring Revenue and Non-Recurring Revenue, and Organic Recurring Revenue as measures to assess revenue trends in the business, and as indicators of future revenue growth. <u>How it's calculated:</u> *Recurring Revenue:* 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. *Non-Recurring Revenue:* Total Revenue deducted by Recurring Revenue. *Organic Recurring Revenue:* Recurring Revenue deducted by Recurring Revenue from solutions that are not fully integrated (up to the first anniversary of the acquisition).

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. <u>How it's calculated</u>: 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. <u>How it's calculated</u>: 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 Company's business, strategies and expectations of future performance, including any guidance on financial expectations, and its 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", "anticipate", "estimate", "intend", "plan", "would", "could", "should", "continue", "goal", "objective", "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 forwardlooking information. The material factors or assumptions that we identified and applied in drawing conclusions or making forecasts or projections set out in the forward-looking information include, but are not limited to: engagement and product pipeline opportunities in Analytics will result in associated definitive agreements; continued adoption of cloud subscriptions by the Company's customers; retention of material clients and bookings; sustaining the Company's 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 the Company's business strategies; consistent and stable economic conditions or conditions in the financial markets including stable interest rates and credit availability for commercial real estate; consistent and stable legislation in the various countries in which we operate; consistent and stable foreign exchange conditions; no disruptive changes in the technology environment; opportunity to acquire accretive businesses and the absence of negative financial and other impacts resulting from strategic investments or acquisitions on short term results; successful integration of acquired businesses; and continued availability of qualified professionals.

Inherent in the forward-looking information are known and unknown risks, uncertainties and other factors that could cause the Company's 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 commercial real estate market; the general state of the economy; the Company's financial performance; the Company's financial targets; the Company's international operations; acquisitions; business interruption events; third party information and data; cybersecurity; industry competition; professional talent; the Company's subscription renewals; the Company's sales pipeline; client concentration and loss of material clients; the Company's cloud transition; product enhancements and new product introductions; technological strategy; intellectual property; property tax appeals and seasonality; compliance with laws and regulations; privacy and data protection; artificial intelligence; the Company's use of technology; the Company's leverage and financial covenants; interest rates; inflation; the Company's brand and reputation; fixed price and contingency engagements; currency fluctuations; credit; 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 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 matters; climate risk; and geopolitical risks, as well as those described in the Company's annual publicly filed documents, including the Annual Information Form for the year ended December 31, 2023 (which are available on SEDAR+ at www.sedarplus.ca).

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, we do 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, including references to "business outlook", may be considered as "financial outlook" within the meaning of applicable securities legislation. The purpose of this financial outlook is to provide readers with disclosure regarding Altus Group's reasonable expectations as to the anticipated results of its proposed business activities for the periods indicated. Readers are cautioned that the financial outlook may not be appropriate for other purposes.

FOR FURTHER INFORMATION PLEASE CONTACT:

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Interim Condensed Consolidated Statements of Comprehensive Income (Loss) For the Three Months Ended March 31, 2024 and 2023 (Unaudited)

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

	Three months ended March 31			
		2024		2023
Revenues	\$	199,543	\$	190,824
Expenses				
Employee compensation		126,941		123,554
Occupancy		1,965		2,038
Other operating		41,415		45,921
Depreciation of right-of-use assets		2,773		2,911
Depreciation of property, plant and equipment		1,420		1,350
Amortization of intangibles		10,314		11,111
Acquisition and related transition costs (income)		3,558		177
Share of (profit) loss of joint venture		158		(506)
Restructuring costs (recovery)		5,387		813
(Gain) loss on investments		186		(413)
Finance costs (income), net - leases		279		371
Finance costs (income), net - other		4,132		6,374
Profit (loss) before income taxes		1,015		(2,877)
Income tax expense (recovery)		1,168		(464)
Profit (loss) for the period	\$	(153)	\$	(2,413)
Other comprehensive income (loss):				
Items that may be reclassified to profit or loss in subsequent periods:				
Currency translation differences		5,499		3,381
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
Other comprehensive income (loss), net of tax		5,499		4,027
Total comprehensive income (loss) for the period, net of tax	\$	5,346	\$	1,614
Earnings (loss) per share attributable to the shareholders of the Company during the period				
Basic earnings (loss) per share		\$(0.00)		\$(0.05)
Diluted earnings (loss) per share		\$(0.00)		\$(0.05)

Interim Condensed Consolidated Balance Sheets As at March 31, 2024 and December 31, 2023 (Unaudited)

(Expressed in Thousands of Canadian Dollars)

	March 31, 202	4 De	ecember 31, 2023
Assets			
Current assets			
Cash and cash equivalents	\$ 44,27	7 \$	41,892
Trade receivables and other	258,12	5	250,462
Income taxes recoverable	9,40	4	9,532
Derivative financial instruments		-	677
Total current assets	311,80	6	302,563
Non-current assets			
Trade receivables and other	9,28	0	10,511
Derivative financial instruments	16,23	0	8,134
Investments	14,82		14,509
Investment in joint venture	22,49		22,655
Deferred tax assets	31,23	6	30,650
Right-of-use assets	29,28	7	25,282
Property, plant and equipment	18,16		19,768
Intangibles	265,28		270,641
Goodwill	515,13		509,980
Total non-current assets	921,93		912,130
Total assets	\$ 1,233,74		1,214,693
Liabilities			
Current liabilities			
Trade payables and other	\$ 188,32	3 \$	199,220
Income taxes payable	4,45	9	4,710
Lease liabilities	14,43		14,346
Total current liabilities	207,21		218,276
Non-current liabilities	- ,		-, -
Trade payables and other	23,68	2	22,530
Lease liabilities	36,95		33,755
Borrowings	327,48	3	307,451
Deferred tax liabilities	29,26		30,144
Total non-current liabilities	417,38		393,880
Total liabilities	624,60		612,156
Shareholders' equity			,
Share capital	780,36	4	769,296
Contributed surplus	47,24		50,143
Accumulated other comprehensive income (loss)	47,93		42,434
Retained earnings (deficit)	(266,40		(259,336)
Total shareholders' equity	609,13		602,537
Total liabilities and shareholders' equity	\$ 1,233,74		1,214,693

Interim Condensed Consolidated Statements of Cash Flows For the Three Months Ended March 31, 2024 and 2023 (Unaudited)

(Expressed in Thousands of Canadian Dollars)

	Three months ended March 3			ded March 31
		2024		2023
Cash flows from operating activities				
Profit (loss) before income taxes	\$	1,015	\$	(2,877)
Adjustments for:				
Depreciation of right-of-use assets		2,773		2,911
Depreciation of property, plant and equipment		1,420		1,350
Amortization of intangibles		10,314		11,111
Finance costs (income), net - leases		279		371
Finance costs (income), net - other		4,132		6,374
Share-based compensation		5,776		7,161
Unrealized foreign exchange (gain) loss		(1,326)		435
(Gain) loss on investments		186		(413)
(Gain) loss on disposal of right-of-use assets, property, plant and equipment and intangibles		983		(2)
(Gain) loss on equity derivatives		(6,453)		(1,756)
Share of (profit) loss of joint venture		158		(506)
Impairment of right-of-use assets, net of (gain) loss on sub-leases		12		760
Net changes in:				
Operating working capital		(19,787)		(49,225)
Liabilities for cash-settled share-based compensation		4,831		(611)
Deferred consideration payables		81		-
Net cash generated by (used in) operations		4,394		(24,917)
Less: interest paid on borrowings		(4,828)		(4,816)
Less: interest paid on leases		(279)		(371)
Less: income taxes paid		(2,259)		(878)
Add: income taxes refunded		3		-
Net cash provided by (used in) operating activities		(2,969)		(30,982)
Cash flows from financing activities				
Proceeds from exercise of options		5,116		7,266
Financing fees paid		-		3
Proceeds from borrowings		20,000		38,000
Repayment of borrowings		(3,000)		(9,497)
Payments of principal on lease liabilities		(4,235)		(3,131)
Proceeds from right-of-use asset lease inducements		-		525
Dividends paid		(6,042)		(6,576)
Treasury shares purchased for share-based compensation		(3,561)		(4,734)
Net cash provided by (used in) financing activities		8,278		21,856
Cash flows from investing activities				· · ·
Purchase of investments		(212)		-
Purchase of intangibles		(2,477)		(1,876)
Purchase of property, plant and equipment		(238)		(1,556)
Net cash provided by (used in) investing activities		(2,927)		(3,432)
Effect of foreign currency translation		3		152
Net increase (decrease) in cash and cash equivalents		2,385		(12,406)
Cash and cash equivalents, beginning of period		41,892		55,267
Cash and cash equivalents, end of period	\$	44,277	\$	42,861

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):

		Q	uarter end	led March 31
In thousands of dollars, except for per share amounts		2024		2023
Profit (loss) for the period	\$	(153)	\$	(2,413)
Occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 (1)	(;	3,081)		(3,002)
Depreciation of right-of-use assets		2,773		2,911
Depreciation of property, plant and equipment and amortization of intangibles (7)	1	1,734		12,461
Acquisition and related transition costs (income)		3,558		177
Unrealized foreign exchange (gain) loss (2)	(1	1,326)		435
(Gain) loss on disposal of right-of-use assets, property, plant and equipment and intangibles (2)		983		(2)
Share of (profit) loss of joint venture	-	158		(506)
Non-cash share-based compensation costs ⁽³⁾		4,429		5,833
(Gain) loss on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs ⁽³⁾	(1	1,743)		(572)
Restructuring costs (recovery)	_	5,387		813
(Gain) loss on investments ⁽⁴⁾	-	186		(413)
Other non-operating and/or non-recurring (income) costs (5)		1,268		4,525
Finance costs (income), net - leases	_	279		371
Finance costs (income), net - other ⁽⁸⁾		4,132		6,374
Income tax expense (recovery) ⁽⁹⁾	-	1,168		(464)
Adjusted EBITDA	\$ 2	9,752	\$	26,528
Depreciation of property, plant and equipment and amortization of intangibles of non-acquired businesses (7)	(:	2,906)		(2,990)
Finance (costs) income, net - other (8)	(4	4,132)		(6,374)
(Gain) loss on hedging transactions, including currency forward contracts and interest expense (income) on swaps ⁽⁸⁾	-	(897)		1,208
Tax effect of adjusted earnings (loss) adjustments ⁽⁹⁾	(1	6,630)		(3,214)
Adjusted earnings (loss)*	\$ 1	5,187	\$	15,158
Weighted average number of shares - basic	45,53	33,236		45,012,311
Weighted average number of restricted shares	41	8,458		562,663
Weighted average number of shares - adjusted	45,95	51,694		45,574,974
Adjusted earnings (loss) per share (6)		\$0.33		\$0.33

⁽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 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, 2024 relate to legal, advisory, consulting, and and other professional fees related to organizational and strategic initiatives. These are included in other operating expenses in the interim condensed consolidated statements of comprehensive income (loss).

⁽⁶⁾ Refer to page 4 of the 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.

Reconciliation of Free Cash Flow

The Company proactively manages and optimizes Free Cash Flow available for reinvestment in the business. Free Cash Flow is reconciled as follows:

Free Cash Flow	Quarter ended March 31,			
In thousands of dollars		2024		2023
Net cash provided by (used in) operating activities	\$	(2,969)	\$	(30,982)
Less: Capital Expenditures		(2,715)		(3,432)
Free Cash Flow	\$	(5,684)	\$	(34,414)

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 the Company primarily transacts in:

	Quarter ended March 31, 2024			
	As presented	For Constant Currency		
Canadian Dollar	1.000	1.000		
United States Dollar	1.348	1.352		
Pound Sterling	1.709	1.642		
Euro	1.463	1.450		
Australian Dollar	0.886	0.924		

	Qua	rter 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