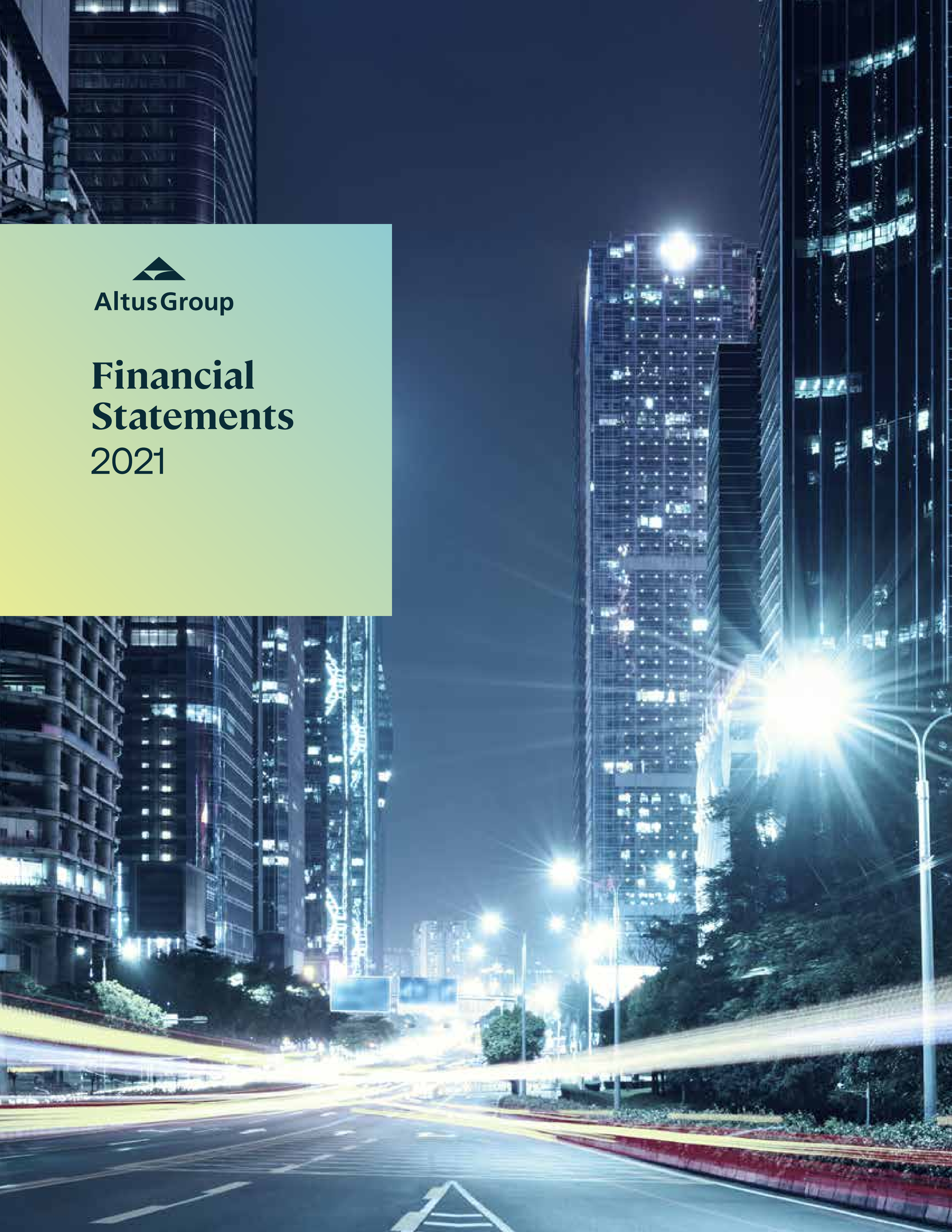
Altus Group

Financial Statements
2021



Altus Group Limited

Consolidated Financial Statements
December 31, 2021 and 2020
(Expressed in Thousands of Canadian Dollars)

Contents

Altus Group Limited

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Altus Group Limited are the responsibility of management and have been reviewed and approved by the Board of Directors of Altus Group Limited. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards and, where appropriate, reflect management's best estimates and judgments. Management has also prepared financial and all other information in the Annual Shareholders' Report and has ensured that this information is consistent with the consolidated financial statements.

Altus Group Limited maintains appropriate systems of internal control, policies and procedures, which provide management with reasonable assurance that assets are safeguarded and the financial records are reliable and form a proper basis for the preparation of the consolidated financial statements.

The Board of Directors of Altus Group Limited ensures that management fulfills its responsibilities for financial reporting and internal control through an Audit Committee. This committee reviews the consolidated financial statements and reports to the Board of Directors. The committee meets with the auditor to discuss the results of the audit, the adequacy of internal accounting controls and financial reporting matters.

The consolidated financial statements have been independently audited by Ernst & Young LLP in accordance with Canadian generally accepted auditing standards. Their report that follows expresses their opinion on the consolidated financial statements of the Company.

"Michael Gordon"	*"Angelo Bartolini"*
Michael Gordon Chief Executive Officer February 24, 2022	Angelo Bartolini Chief Financial Officer February 24, 2022

Independent auditor's report

To the Shareholders of
Altus Group Limited

Opinion

We have audited the consolidated financial statements of Altus Group Limited and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as at December 31, 2021 and 2020, and the consolidated statements of comprehensive income (loss), consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the A*uditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	**How our audit addressed the key audit matter**
Business combinations – valuation of acquired intangible assets On April 1 and November 12, 2021, the Group completed the acquisitions of Finance Active SAS and Scryer, Inc. (d/b/a Reonomy) ("Reonomy") for total consideration of approximately $157M and $276M, respectively. The Group accounted for the acquisitions under the acquisition method of accounting for business combinations. The purchase price of each was funded with cash and share consideration, a portion of which relates to future employee compensation, and was allocated to assets acquired, and liabilities assumed as disclosed in Note 6 of the consolidated financial statements. The purchase price allocations are based on management's best estimates of fair value as at the respective acquisition dates. The Group discloses significant judgments, estimates and assumptions and the results of their analyses in respect of business combinations in Notes 5 and 6 to the consolidated financial statements. Auditing business combinations is complex due to the subjective nature of estimating the fair values of identified assets and liabilities as at the date of the acquisitions, particularly intangible assets. Management uses significant judgment in evaluating the inputs and assumptions used in their determination of fair value. The fair values of acquired intangible assets are subject to higher estimation uncertainty due to management's judgment in determining key assumptions that include revenue growth, earnings margins and discount rates. Changes to these significant assumptions could have a significant impact on the fair value of acquired intangible assets and the related amortization in future periods. In the current year, the acquisitions of Finance Active SAS and Reonomy were significantly larger than those in recent history and material to the consolidated financial statements. This matter was identified as a key audit matter due to the significant judgment, primarily due to the sensitivity of the significant assumptions described above regarding the future cash flows and the effect that changes in these assumptions would have on the purchase price allocation and amortization expense in future periods.	Our audit procedures included the following, among others: We reviewed the purchase agreements to obtain an understanding of the key terms and conditions to identify the necessary accounting considerations and identification of assets and liabilities acquired. We validated the purchase consideration by considering the component of share consideration to be classified as future employee compensation expense and therefore excluded from the purchase price allocation. With the assistance of our valuation specialists, we evaluated the Group's model, valuation methodology and the various inputs utilized, including the discount rate by referencing current industry and comparable company information as well as cash flow and company specific risks. We evaluated the reasonableness of significant assumptions and estimates used by management, including revenue growth, and earnings margins by considering the past performance of the acquired business, similar acquisitions made by the Group, comparing management's past projections to actual and historical performance, as well as available third-party published economic and industry data. We performed a sensitivity analysis on significant assumptions, including revenue growth rates, earnings margin, and discount rates. We assessed the adequacy of the Group's disclosure included in Note 5 – Critical Accounting Estimates and Judgments and Note 6 – Acquisitions, of the accompanying consolidated financial statements in relation to this matter.

Goodwill asset impairment

As at December 31, 2021, the Group has $467M of goodwill. Management assesses at least annually, or at any time if an indicator of impairment exists, whether there has been an impairment loss in the carrying value of goodwill. When performing impairment tests, the Group estimates the recoverable amount of the cash generating units ("CGUs") to which goodwill has been allocated using a discounted cash flow model to estimate the fair value less costs to sell. The Group discloses significant judgments, estimates and assumptions and the result of their analysis in respect of impairment in Note 20 to the consolidated financial statements.

Significant assumptions included cash flow projections, revenue growth rate, EBITDA margins, perpetual growth rates, and business-specific discount rates, which are affected by expectations about future market and economic conditions, including impacts of the global pandemic (COVID-19).

Based on our knowledge of the Group's businesses and considering the performance of the different CGUs, we identify CGUs with significant goodwill balances, specific risk factors, and lower excess headroom in the recoverable amount compared to carrying amount of the related CGUs.

This matter was identified as a key audit matter in respect of the Canada RVA and North America Cost CGUs due to the significant estimation uncertainty and judgment applied by management in determining the recoverable amount, primarily due to the sensitivity of the significant assumptions described above to the future cash flows and the effect that changes in these assumptions would have on the recoverable amount of these CGUs.

To test the estimated recoverable amount of the Canada RVA and North America Cost CGUs, our audit procedures included the following, among others:

We assessed methodologies and the significant assumptions discussed above and underlying data used by the Group in its analysis with the assistance of our valuation specialists.

We assessed the selection and application of the discount rate by evaluating the inputs and mathematical accuracy of the calculation.

We assessed the historical accuracy of management's estimates on cash flow projections, revenue growth rates and earnings margins by comparing management's past projections to actual and historical performance. We also compared the revenue growth rates to current industry, market and economic trends.

We performed a sensitivity analysis on significant assumptions, including EBITDA margins and discount rates, to evaluate impact on the recoverable amount of the Canada RVA and North America Cost CGUs that would result from changes in the assumptions.

We also assessed the adequacy of the Group's disclosures included in Note 20 of the accompanying consolidated financial statements in relation to this matter.

Other information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis; and
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis and the Annual Report prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter, or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Mark Vrooman, CPA, CA.

"Ernst & Young LLP"

Toronto, Canada
February 24, 2022

Chartered Professional Accountants
Licensed Public Accountants

Altus Group Limited

Consolidated Statements of Comprehensive Income (Loss)
For the Years Ended December 31, 2021 and 2020
(Expressed in Thousands of Canadian Dollars, Except for Per Share Amounts)

	Notes	For the year ended December 31, 2021	For the year ended December 31, 2020
Revenues	7	$ **625,387**	$ 561,156
Expenses			
Employee compensation	8	**401,455**	354,951
Occupancy	17	**7,743**	7,591
Office and other operating		**123,023**	102,193
Depreciation of right-of-use assets	17	**12,119**	11,210
Depreciation of property, plant and equipment	18	**5,446**	5,620
Amortization of intangibles	19	**29,017**	24,784
Acquisition and related transition costs (income)	6	**10,137**	(887)
Share of (profit) loss of joint venture	16	**(1,187)**	(459)
Restructuring costs (recovery)	21	**15**	11,984
(Gain) loss on investments	15	**(2,930)**	(21)
Finance costs (income), net - leases	9, 17	**2,219**	2,494
Finance costs (income), net - other	9	**4,130**	4,138
Profit (loss) from continuing operations before income taxes		**34,200**	37,558
Income tax expense (recovery)	10	**8,627**	10,549
Profit (loss) for the year from continuing operations		$ **25,573**	$ 27,009
Profit (loss) for the year from discontinued operations	11	**-**	(5,576)
Profit (loss) for the year attributable to:			
Non-controlling interest		**(115)**	-
Shareholders of the Company		**25,688**	21,433
Profit (loss) for the year		$ **25,573**	$ 21,433
Other comprehensive income (loss):			
Items that may be reclassified to profit or loss in subsequent periods:			
Currency translation differences	25	**(4,828)**	1,533
Items that are not reclassified to profit or loss in subsequent periods:			
Change in fair value of FVOCI investments, net of tax	15, 25	**2,476**	(987)
Other comprehensive income (loss), net of tax		**(2,352)**	546
Comprehensive income (loss) for the year, net of tax, attributable to:			
Non-controlling interest		**(115)**	-
Shareholders of the Company		**23,336**	21,979
Total comprehensive income (loss) for the year, net of tax		$ **23,221**	$ 21,979

Earnings (loss) per share attributable to the shareholders of the Company during the year			
Basic earnings (loss) per share:			
Continuing operations	27	**$0.62**	$0.67
Discontinued operations	27	**$0.00**	$(0.14)
Diluted earnings (loss) per share:			
Continuing operations	27	**$0.60**	$0.66
Discontinued operations	27	**$0.00**	$(0.14)

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

Altus Group Limited

Consolidated Balance Sheets
As at December 31, 2021 and 2020
(Expressed in Thousands of Canadian Dollars)

	Notes	December 31, 2021	December 31, 2020
Assets			
Current assets			
Cash and cash equivalents	12	$ **51,271**	$ 69,637
Trade receivables and other	13	**223,315**	193,072
Income taxes recoverable		**3,280**	3,385
Derivative financial instruments	14	**5,868**	2,477
		283,734	268,571
Non-current assets			
Trade receivables and other	13	**2,818**	1,370
Derivative financial instruments	14	**15,661**	8,800
Investments	15	**20,806**	10,356
Investment in joint venture	16	**16,496**	15,309
Deferred tax assets	10	**24,089**	19,930
Right-of-use assets	17	**59,992**	51,690
Property, plant and equipment	18	**21,624**	20,376
Intangibles	19	**286,670**	77,928
Goodwill	20	**467,310**	261,070
		915,466	466,829
Total Assets		$ **1,199,200**	$ 735,400
Liabilities			
Current liabilities			
Trade payables and other	21	$ **193,388**	$ 140,294
Income taxes payable		**2,629**	1,190
Lease liabilities	17	**13,914**	11,700
		209,931	153,184
Non-current liabilities			
Trade payables and other	21	**24,913**	17,206
Lease liabilities	17	**57,225**	51,883
Borrowings	22	**286,924**	122,432
Deferred tax liabilities	10	**27,864**	7,246
Non-controlling interest	6	**2,980**	-
		399,906	198,767
Total Liabilities		**609,837**	351,951
Shareholders' Equity			
Share capital	23	**726,325**	529,866
Contributed surplus	24	**42,364**	30,428
Accumulated other comprehensive income (loss)	25	**38,439**	40,791
Other equity	6	**(244)**	-
Retained earnings (deficit)		**(217,406)**	(217,636)
Equity attributable to the shareholders of the Company		**589,478**	383,449
Non-controlling interest		**(115)**	-
Total Shareholders' Equity		**589,363**	383,449
Total Liabilities and Shareholders' Equity		$ **1,199,200**	$ 735,400

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

Commitments and Contingencies (Note 31)

Approved on behalf of the Board of Directors

"Raymond Mikulich" — Raymond Mikulich

"Janet Woodruff" — Janet Woodruff

Altus Group Limited

Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2021 and 2020
(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, 2020		$ 509,646	$ 24,447	$ 40,245	$ -	$ (214,686)	$ 359,652	$ -	$ 359,652
Profit (loss) for the year		-	-	-	-	21,433	21,433	-	21,433
Other comprehensive income (loss), net of tax:									
Currency translation differences		-	-	1,533	-	-	1,533	-	1,533
Change in fair value of FVOCI investments		-	-	(987)	-	-	(987)	-	(987)
Total comprehensive income (loss) for the year		-	-	546	-	21,433	21,979	-	21,979
Transactions with owners:									
Dividends declared		-	-	-	-	(24,383)	(24,383)	-	(24,383)
Share-based compensation		-	15,398	-	-	-	15,398	-	15,398
Dividend Reinvestment Plan		2,429	-	-	-	-	2,429	-	2,429
Shares issued on exercise of options		14,150	(2,162)	-	-	-	11,988	-	11,988
Shares issued for share-based compensation		6,984	(2,098)	-	-	-	4,886	-	4,886
Treasury shares reserved for share-based compensation		(8,923)	-	-	-	-	(8,923)	-	(8,923)
Release of treasury shares		5,580	(5,144)	-	-	-	436	-	436
Gain (loss) on sale of RSs and shares held in escrow		-	(13)	-	-	-	(13)	-	(13)
		20,220	5,981	-	-	(24,383)	1,818	-	1,818
As at December 31, 2020		$ 529,866	$ 30,428	$ 40,791	$ -	$ (217,636)	$ 383,449	$ -	$ 383,449
As at January 1, 2021		$ 529,866	$ 30,428	$ 40,791	$ -	$ (217,636)	$ 383,449	$ -	$ 383,449
Profit (loss) for the year		-	-	-	-	25,688	25,688	(115)	25,573
Change in fair value of non-controlling interest liability	6	-	-	-	(244)	-	(244)	-	(244)
Other comprehensive income (loss), net of tax:									
Currency translation differences	25	-	-	(4,828)	-	-	(4,828)	-	(4,828)
Change in fair value of FVOCI investments	25	-	-	2,476	-	-	2,476	-	2,476
Total comprehensive income (loss) for the year		-	-	(2,352)	(244)	25,688	23,092	(115)	22,977
Transactions with owners:									
Dividends declared	28	-	-	-	-	(25,458)	(25,458)	-	(25,458)
Share-based compensation	24, 26	-	23,938	-	-	-	23,938	-	23,938
Issued on bought deal financing	23	164,771	-	-	-	-	164,771	-	164,771
Dividend Reinvestment Plan	23	3,294	-	-	-	-	3,294	-	3,294
Shares issued on exercise of options	23, 24, 26	16,296	(2,482)	-	-	-	13,814	-	13,814
Shares issued for share-based compensation	23, 24, 26	26,971	(2,585)	-	-	-	24,386	-	24,386
Treasury shares reserved for share-based compensation	23, 26	(30,786)	-	-	-	-	(30,786)	-	(30,786)
Shares issued on acquisition	23, 26	8,362	-	-	-	-	8,362	-	8,362
Release of treasury shares	23, 24, 26	7,551	(7,023)	-	-	-	528	-	528
Gain (loss) on sale of RSs and shares held in escrow	24	-	88	-	-	-	88	-	88
		196,459	11,936	-	-	(25,458)	182,937	-	182,937
As at December 31, 2021		**$ 726,325**	**$ 42,364**	**$ 38,439**	**$ (244)**	**$ (217,406)**	**$ 589,478**	**$ (115)**	**$ 589,363**

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

Altus Group Limited

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020
(Expressed in Thousands of Canadian Dollars)

	Notes	For the year ended December 31, 2021	For the year ended December 31, 2020
Cash flows from operating activities			
Profit (loss) from continuing operations before income taxes		**$ 34,200**	$ 37,558
Profit (loss) from discontinued operations before income taxes	11	**-**	(5,576)
Profit (loss) before income taxes		**$ 34,200**	$ 31,982
Adjustments for:			
Depreciation of right-of-use assets	17	**12,119**	11,262
Depreciation of property, plant and equipment	18	**5,446**	5,731
Amortization of intangibles	19	**29,017**	24,785
Finance costs (income), net - leases	9	**2,219**	2,559
Finance costs (income), net - other	9	**4,130**	4,123
Share-based compensation	24, 26	**23,938**	15,398
Unrealized foreign exchange (gain) loss		**1,104**	165
(Gain) loss on investments	15	**(2,930)**	(21)
(Gain) loss on disposal of right-of-use assets, property, plant and equipment and intangibles		**(248)**	518
(Gain) loss on derivatives	14	**(10,252)**	(3,991)
Share of (profit) loss of joint venture	16	**(1,187)**	(459)
Impairment charge - leases		**-**	36
Fair value loss (gain) on net assets directly associated with discontinued operations	11	**-**	5,163
(Gain) loss on sale of the discontinued operations	11	**-**	(483)
Net changes in operating working capital		**(18,832)**	(1,910)
Net cash generated by (used in) operations		**78,724**	94,858
Less: interest paid on borrowings		**(3,606)**	(3,547)
Less: interest paid on leases		**(2,219)**	(2,559)
Less: income taxes paid		**(19,547)**	(19,051)
Add: income taxes refunded		**2,956**	2,599
Net cash provided by (used in) operating activities		**56,308**	72,300
Cash flows from financing activities			
Proceeds from exercise of options	23, 24, 26	**13,814**	11,988
Proceeds from share issuance, net of transaction costs	23	**164,771**	-
Financing fees paid		**(414)**	(723)
Proceeds from borrowings	22	**341,024**	38,135
Repayment of borrowings	22	**(178,819)**	(53,265)
Payments of principal on lease liabilities	17	**(12,070)**	(11,960)
Dividends paid	28	**(21,564)**	(21,859)
Treasury shares purchased for share-based compensation	23, 26	**(6,312)**	(3,614)
Net cash provided by (used in) financing activities		**300,430**	(41,298)
Cash flows from investing activities			
Purchase of investments	15	**(4,157)**	(365)
Cash contribution to investment in joint venture	11	**-**	(3,794)
Purchase of intangibles	19	**(4,664)**	(770)
Purchase of property, plant and equipment	18	**(5,965)**	(3,580)
Proceeds from disposal of property, plant and equipment and intangibles		**-**	96
Proceeds from investment	15	**326**	-
Acquisitions, net of cash acquired	6	**(358,855)**	(12,490)
Net cash provided by (used in) investing activities		**(373,315)**	(20,903)
Effect of foreign currency translation		**(1,789)**	(724)
Net increase (decrease) in cash and cash equivalents		**(18,366)**	9,375
Cash and cash equivalents, beginning of year		**69,637**	60,262
Cash and cash equivalents, end of year		**$ 51,271**	$ 69,637

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

1. Business and Structure

Altus Group Limited (the "Company") provides the global commercial real estate ("CRE") industry with vital actionable intelligence solutions driven by its ARGUS technology, asset level data, and market leading expertise. The Company's solutions for the valuation, performance, and risk management of CRE assets are integrated into workflows critical to success across the CRE value chain. Founded in 2005, Altus Group Limited is a global company with over 2,600 employees across North America, Europe and Asia Pacific.

During the year, the Company conducted its business through two business units: Altus Analytics and Commercial Real Estate Consulting.

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

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

2. Basis of Preparation

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements have been prepared on a going concern basis using the historical cost convention, except for the revaluation of certain financial assets and financial liabilities, including investments, derivatives, and debt and equity instruments and contingent consideration that have been measured at fair value.

Changes to significant accounting policies and estimates are described in Note 4.

These consolidated financial statements were approved by the Board of Directors for issue on February 24, 2022.

3. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

Consolidation

Subsidiaries

Investments in other entities where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, are considered subsidiaries. Subsidiaries are fully consolidated from the date at which control is determined to have occurred and are de-consolidated from the date that the Company no longer controls the entity. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intercompany transactions and balances are eliminated.

The Company uses the acquisition method of accounting to account for business combinations, when control is acquired. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the identifiable net assets acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss.

Joint Venture

Joint ventures are joint arrangements over which the Company has joint control along with the other parties to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint ventures are accounted for using the equity method and initially recognized at cost.

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

3. Summary of Significant Accounting Policies, cont'd

Unrealized gains on transactions between the Company and its joint venture are eliminated to the extent of the Company's interest in the joint venture. Unrealized losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred. The accounting policies of its joint venture are consistent with the Company's accounting policies.

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

Segment Reporting

Segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. Operating segments are aggregated when the criteria in IFRS 8, *Operating Segments*, are met. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer ("CEO").

Discontinued Operations

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

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

3. Summary of Significant Accounting Policies, cont'd

Foreign Currency Translation

The consolidated financial statements are presented in Canadian dollars ($), which is the Company's functional and presentation currency. Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which each respective entity operates.

Foreign currency transactions are translated into the appropriate functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss within office and other operating expenses.

The results and financial position of the Company's subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of the balance sheet;
- income and expenses are translated at average exchange rates; and
- all resulting exchange differences are recognized in other comprehensive income (loss) within currency translation differences.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate at the date of the balance sheet.

Leases

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. If the Company is reasonably certain to obtain ownership of the leased asset, right-of-use assets are depreciated over the estimated useful life of the underlying asset.

3. Summary of Significant Accounting Policies, cont'd

The Company's right-of-use assets are depreciated over the following:

Property	1 - 10 years
Equipment	1 - 4 years

Right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees, if applicable. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as occupancy expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered of low value (i.e., below $5). Payments on such leases are recognized as occupancy expense on a straight-line basis over the lease term.

Current and Deferred Income Taxes

The tax expense for the year consists of current and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income (loss) or directly in equity, in which case the tax is recognized accordingly.

3. Summary of Significant Accounting Policies, cont'd

Current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax filings in different jurisdictions with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax assets are recognized only to the extent that it is probable that the assets can be recovered. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets and liabilities are presented as non-current.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

The Company applies judgment in identifying and assessing uncertainties over income tax treatments, including those relating to transfer pricing and other tax deductions. The Company recognizes tax treatments (including those of its subsidiaries) to the extent that it is probable that it will be accepted by the applicable taxation authorities.

Tax assets and liabilities are offset when there is a legally enforceable right to offset and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Investment Tax Credits

Investment tax credits, arising from qualifying scientific research and experimental development efforts pursuant to existing tax legislation, are recorded as a reduction of employee compensation expense when there is reasonable assurance of their ultimate realization.

3. Summary of Significant Accounting Policies, cont'd

Revenue Recognition

Revenue is recognized upon transfer of control of the promised goods or services to customers in an amount that reflects the consideration to which the Company expects to receive in exchange for those goods or services. Performance obligations are satisfied and revenue is recognized either over time or at a point in time.

Payment terms vary by contract type; however, terms are typically 30 to 60 days.

Unbilled revenue on customer contracts, contract assets under IFRS 15, *Revenue from Contracts with Customers*, relates to conditional rights to consideration for satisfied performance obligations of contracts with customers. Trade receivables are recognized when the right to consideration becomes unconditional. Customer deposits included in trade payables and other, and deferred revenue, contract liabilities under IFRS 15, relate to payments received or due in advance of performance under contracts with customers. Contract liabilities are recognized as revenue as (or when) the Company satisfies its performance obligations under the contracts.

Costs to obtain customer contracts represent commissions incurred and would not otherwise have been incurred if the contracts had not been obtained. These costs are incremental and capitalized when the Company expects to recover these costs under each respective customer contract. The asset is amortized over the term of the specific contract it relates to, consistent with the associated pattern of revenue recognition, and is recorded in employee compensation expenses. As a practical expedient, incremental costs of obtaining a contract have been expensed when incurred if the related term is one year or less.

Services

The Company provides services on a time and materials basis, fixed fee basis or contingency basis. Services are offered by all segments of the Company.

Performance obligations for services on a time and materials or fixed fee basis are typically satisfied over time as services are rendered. In contracts where the Company is not entitled to payment until specific performance obligations are satisfied, revenue is recognized at the time the services are delivered. At contract inception, the Company expects that the period between when the Company transfers control of a promised service to a customer and when the customer pays for that service will be one year or less. As such, the Company applies the practical expedient of not adjusting the consideration for such services for the effects of a significant financing component.

3. Summary of Significant Accounting Policies, cont'd

Revenue is recognized based on the extent of progress towards completion of performance obligations, on a project-by-project basis. The method used to measure progress depends on the nature of the services. Revenue is recognized on the basis of time and materials incurred to date relative to the total budgeted inputs. The output method on the basis of milestones is used when the contractual terms align the Company's performance with measurements of value to the customer. Revenue is recognized for services performed to date based on contracted rates and/or milestones that correspond to the consideration that the Company is entitled to invoice.

Performance obligations for contingency arrangements are satisfied at a point in time upon completion of the services. The consideration for such arrangements is performance-based and variable. The estimated variable consideration included in the transaction price considers the extent that it is highly probable that a significant reversal of revenue will not occur when the uncertainty is resolved. This is reassessed at the end of each reporting period.

Service contracts are generally billed subsequent to revenue recognition and result in contract assets. In some contracts, customer deposits render contract liabilities to the extent that they exceed the contract assets, on a project-by-project basis.

Software and data products
The Company's Altus Analytics business offers customers licenses for on-premise software that provide the customer with a right to use the software as it exists when the license is granted to the customer. Customers may purchase perpetual licenses or subscription licenses, which provide customers with the same functionality and differ mainly in the duration over which the customer benefits from the software. Revenue from distinct on-premise licenses is recognized upfront at the point in time when the software is delivered to the customer. Perpetual licenses are initially sold with one year of ongoing maintenance and the option to renew thereafter. Support services are sold with subscriptions in all cases. Revenue allocated to ongoing maintenance or support services is recognized ratably over the term of the contract. The standard warranty period is 30 days and it is not considered to be a distinct performance obligation. Contracts related to perpetual licenses and ongoing maintenance are billed upfront and prior to revenue recognition, which generally results in the initial recognition of a contract liability. Contracts related to licenses sold on a subscription basis and support services will vary depending on the contractual terms.

Access to hosted and cloud software and data products over a specified contract term is provided on either a subscription or usage basis. Revenue for software and data products provided on a subscription basis is recognized ratably over the contract term, and contracts are billed upfront and prior to revenue recognition, which generally results in contract liabilities. Revenue for software products provided on a usage basis, such as the quantity of transactions processed or assets on the Company's platform, is recognized based on the customer utilization of such services. Such contracts are billed subsequent to revenue recognition, which generally results in contract assets.

3. Summary of Significant Accounting Policies, cont'd

Financial Assets and Liabilities

Financial assets
The Company classifies its financial assets as amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVPL").

The Company classifies cash and cash equivalents, and trade receivables at amortized cost as the contractual cash flows are solely payments of principal and interest and the asset is held within a business model with the objective of holding and collecting the contractual cash flows. Cash and cash equivalents are deposits held with reputable financial institutions that pose minimal credit risk. The deposits are repayable on demand and interest, if any, is paid at a fixed or floating market rate.

The Company classifies its equity investments that are not held for trading at FVOCI as the Company has made an irrevocable election at initial recognition to recognize changes in FVOCI rather than FVPL as these are strategic investments. Upon disposal of these equity investments, any balance within the other comprehensive income reserve for these equity investments is reclassified to retained earnings and is not reclassified to profit or loss.

The Company classifies its debt investments at FVOCI where the contractual cash flows are solely principal and interest and the objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets.

The Company classifies its investments in partnerships and derivative financial instruments at FVPL.

Financial liabilities
The Company classifies its financial liabilities as subsequently measured at amortized cost except for those at FVPL, such as derivative financial instruments and contingent consideration payables. Financial liabilities measured at FVPL recognize changes in fair value attributable to the Company's own credit risk in other comprehensive income instead of profit or loss, unless this would create an accounting mismatch.

Impairment
The Company assesses financial assets for impairment on a forward-looking basis, with the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. For trade receivables and contract assets, the Company applies the simplified approach permitted by IFRS 9, *Financial Instruments,* which requires lifetime expected credit losses to be recognized from initial recognition of the financial assets, and re-assesses at each reporting period. The Company utilizes a provision matrix based on its historical credit loss experience, adjusted for forward-looking factors specific to customers and the economic environment.

3. Summary of Significant Accounting Policies, cont'd

The Company includes the effect of losses and recoveries due to expected credit losses through office and other operating expenses.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the financial assets and settle the financial liabilities simultaneously.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, bank balances and short-term, highly liquid investments, which generally have original maturities of three months or less at the time of acquisition, and that are subject to an insignificant risk of changes in value.

Derivative Financial Instruments and Hedging Activities

The Company enters into equity derivatives to manage its exposure to changes in the fair value of its restricted share units ("RSUs") and deferred share units ("DSUs") issued under their respective plans due to changes in the fair value of the Company's common shares. The Company also periodically enters into interest rate swap agreements for the purposes of managing interest rate exposure and into currency forward contracts to manage its foreign exchange exposures. Derivatives are not for trading or speculative purposes.

Derivatives are initially recognized at fair value when a derivative contract is entered into and are subsequently remeasured at their fair value. Depending on the nature of the derivative, changes in fair value are recognized within finance costs (income), net - other, office and other operating expenses, or employee compensation expense.

Property, Plant and Equipment

All property, plant and equipment are stated at historical cost less depreciation and accumulated impairment losses, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the assets. Costs incurred with respect to a specific asset are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any replaced part is written off. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

3. Summary of Significant Accounting Policies, cont'd

Property, plant and equipment are depreciated over the useful life of the assets using the diminishing balance method as follows:

Furniture, fixtures and equipment	20%
Computer equipment	30%

Leasehold improvements are depreciated on a straight-line basis over the shorter of the respective lease term and useful life.

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals of property, plant and equipment are determined by comparing the net proceeds with the carrying amount and recognized in office and other operating expenses.

Intangibles

Intangible assets consist of: software, non-compete agreements, and certain identifiable intangible assets acquired through the Company's business acquisitions such as brands, customer backlog, and customer lists.

The Altus Group, ARGUS and Finance Active brands are intangibles with an indefinite life and are not amortized. Intangibles acquired as part of a business combination are recognized at fair value at the acquisition date and carried at cost less accumulated amortization subsequent to acquisition. Software is recorded at cost less accumulated amortization.

Intangibles with a finite life are amortized over the useful life of the assets using the straight-line or diminishing balance method as follows:

Brands of acquired businesses	1 - 5 years straight-line
Computer application software	30% diminishing balance
Custom software applications	2 - 8 years straight-line
Internally generated software	2 - 10 years straight-line
Customer backlog	straight-line over remaining life of contracts
Customer lists	5 - 10 years straight-line
Databases	2 - 4 years straight-line
Data agreements	12 years straight-line
Non-compete agreements	straight-line over life of agreements

3. Summary of Significant Accounting Policies, cont'd

Costs associated with maintaining computer software applications or incurred during the research phase are recognized as an expense as incurred. Development costs that are directly attributable to the design, build and testing of identifiable and unique software applications controlled by the Company are recognized as intangibles when the following criteria are met:

- it is technically feasible to complete the software application so that it will be available for use or sale;
- management intends to complete the software application and either use or sell it;
- there is an ability to use or sell the software application;
- it can be demonstrated how the software application will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software application are available; and
- the expenditure attributable to the software application during its development can be reliably measured.

Development costs that do not meet these criteria are recognized as an expense as incurred.

Impairment of Non-financial Assets

Goodwill and intangibles that have an indefinite useful life are tested annually for impairment and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Non-financial assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. For the purposes of assessing impairment, non-financial assets are grouped at the lowest levels for which there are separately identifiable independent cash inflows. Non-financial assets other than goodwill are reviewed for possible reversal of impairment at each reporting date.

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from synergies of the business combination in which the goodwill arose. Goodwill is tested for impairment in the CGUs for which it is monitored by the Company. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the disposed entity.

3. Summary of Significant Accounting Policies, cont'd

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost with any difference between the proceeds, net of transaction costs, and the redemption value recognized in finance costs (income), net - other over the term of the borrowings using the effective interest method.

Borrowings are classified as current liabilities if the payment is due within one year or less. If the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period, or any payments are due after more than one year, these are classified as non-current liabilities.

Provisions

Provisions represent liabilities of the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The difference between the nominal amount of the provision and the discounted amount is amortized as a finance cost and correspondingly increases the carrying amount of the provision over the period to settlement.

Employee Benefits

Termination benefits
Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the date at which the Company can no longer withdraw the offer of these benefits, and, in the case of restructuring, the date at which the Company has recognized costs for a restructuring within the scope of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, which involves the payment of termination benefits. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Profit-sharing and bonus plans
The Company recognizes the expense and related liability for bonuses and profit-sharing awards over the service period where contractually obliged or when there is a past practice that has created a constructive obligation, which can be reliably measured.

3. Summary of Significant Accounting Policies, cont'd

Share-based Compensation

The Company operates a number of share-based compensation plans as follows:

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

The Company's Executive Compensation Plan comprises two elements: a common share option plan ("Share Option Plan") and an equity compensation plan (the "Equity Compensation Plan"). These are both equity-settled compensation arrangements.

In March 2017, a long-term equity incentive plan ("Long-Term Equity Incentive Plan") was established to simplify and replace the Executive Compensation Plan as a means of compensating designated employees of the Company for services provided and promoting share ownership and alignment with the shareholders' interests. This plan contains comprehensive and consistent provisions to govern subsequent awards, including share options, Performance Share Units ("PSUs") and share-based equity awards.

Options granted under the Executive Compensation Plan and Long-Term Equity Incentive Plan
Share options issued under both plans have a maximum term of 72 months to expiry, generally vest annually over a three-to-four-year period from the date of grant, and are exercisable at the designated common share price, which is calculated as the volume weighted average closing price of the Company's common shares on the TSX for the five business days immediately preceding the grant date. For options issued to certain non-Canadian employees, the designated common share price for which they are exercisable is calculated as the higher of: (a) the mean of the high and low trading prices of the Company's common shares on the TSX on the trading day immediately preceding the grant date, or (b) the volume weighted average closing price of the Company's common shares on the TSX for the five business days immediately preceding the grant date. Except in specific defined circumstances, options and all rights to purchase common shares are forfeited by an employee upon ceasing to be an employee of the Company.

The Company recognizes the fair value of options on the grant date using the Black-Scholes option pricing model as employee compensation expense with a corresponding credit to contributed surplus over the vesting period, which is the period over which all of the specified vesting conditions are satisfied. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period. On the exercise of options to purchase common shares, the consideration paid by the employee and the associated amount of contributed surplus are credited to share capital within shareholders' equity.

At the end of each reporting period, the Company re-assesses its estimate of the number of options that are expected to vest and recognizes the impact of any revisions within employee compensation expense.

3. Summary of Significant Accounting Policies, cont'd

Other awards granted under the Equity Compensation Plan and Long-Term Equity Incentive Plan
Under the Equity Compensation Plan, the Company was entitled at its sole discretion to issue each participant a portion of his or her annual discretionary bonus in common shares and/or PSUs. Under the Long-Term Equity Incentive Plan, the Company is entitled at its sole discretion to issue each participant a portion of his or her annual discretionary bonus in common shares and/or PSUs. Common shares and PSUs granted under both plans are subject to certain vesting conditions and generally vest over a three-or-four-year period from the date of grant. The number of such common shares granted are initially determined as an amount equal to the amount of annual discretionary bonus allocated divided by the volume weighted average closing price of the Company's common shares on the TSX for the five business days ending on the day prior to issuance. The PSUs granted under both plans can be settled at the Company's discretion in cash, common shares, or a combination of both. Except in specific defined circumstances, common shares and PSUs are forfeited by an employee upon ceasing to be an employee of the Company. All PSUs granted under the Equity Compensation Plan have been vested and settled.

The number of PSUs that vest under the Long-Term Equity Incentive Plan may range from 0% to 200% based on the Company's total shareholder return ("TSR") relative to a set peer group's average TSR, according to the percentages below, subject to the recipient fulfilling the service condition:

- 20% on December 31 of each year for a period of three years; and
- 40% at the end of the three-year period.

As the Company typically settles these awards in common shares, the Company recognizes the fair value of the award when granted using the Monte Carlo valuation method as employee compensation expense with a corresponding credit to contributed surplus over the vesting period, which is the period over which all of the specified vesting conditions are satisfied. When common shares are issued to settle the obligation, the amount previously recorded in contributed surplus is transferred to share capital within shareholders' equity.

At the end of each reporting period, the Company re-assesses its estimate of the number of awards that are expected to vest and recognizes the impact of any revisions within employee compensation expense.

3. Summary of Significant Accounting Policies, cont'd

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

In March 2021, the Board of Directors approved two new long-term incentive plans, the Long-Term Incentive Restricted Share Plan ("LTIRS Plan") and Long-Term Incentive Restricted Share Unit Plan ("LTIRSU Plan"), to complement the existing Long-Term Equity Incentive Plan.

RSs and RSUs granted under these plans will not be available to the employee until three years following the grant date. After three years from the date of grant, the RSs and RSUs will be released, provided, subject to certain exceptions such as retirement, disability or death, that the individual is employed with the Company at the time of the release. Participants are entitled to receive cash dividends or notional distributions that are paid on common shares, respectively. If an employee resigned from the Company or is terminated for cause, all RSs and RSUs that have not yet been released from the three-year restriction period will be forfeited.

With respect to RSs that are equity-settled, the Company contributes funds to purchase common shares in the open market (through the facilities of the TSX or by private agreement) and are held by the Company as treasury shares until they vest. This amount is shown as a reduction in the carrying value of the Company's common shares. The Company recognizes the fair value of the award when granted as employee compensation expense with a corresponding credit to contributed surplus over a three-year period from the date of grant. As RSs are released, the portion of the contributed surplus relating to the RSs is credited to share capital within shareholders' equity.

With respect to RSUs that are cash-settled, the Company recognizes the fair value of the award when granted as employee compensation expense with a corresponding credit to trade payables and other over a three-year period from the date of grant. Changes in the liability subsequent to the grant date and prior to settlement due to changes in fair value of the Company's common shares are recorded as employee compensation expense in the period incurred.

(iii) Deferred Compensation Plans

The Company has Deferred Compensation Plans that are structured as a restricted share plan ("RS Plan") in Canada and as a restricted share unit plan ("RSU Plan") outside of Canada. Annual grants of restricted shares ("RSs") or RSUs form part of the total annual discretionary bonus awarded based on the Company exceeding certain annual performance targets, which typically consists of an annual cash bonus of 60-80% and a RS or RSU award of 20-40%. On occasion, RSs or RSUs may be granted to certain employees upon acceptance of employment, subject to certain restrictions similar to those applicable for annual grants.

3. Summary of Significant Accounting Policies, cont'd

If annual performance targets are met, RSs and RSUs are awarded within three months of the performance year and will not be available to the employee until three years following the grant date. After three years from the date of grant, the RSs and RSUs will be released, provided, subject to certain exceptions such as retirement, disability or death, and that the individual is employed with the Company at the time of release. Participants are entitled to receive cash dividends or notional distributions that are paid on common shares, respectively. If an employee resigns from the Company or is terminated for cause, all RSs and RSUs that have not yet been released from the three-year restriction period will be forfeited.

With respect to RSs that are equity-settled, the Company contributes funds to purchase common shares in the open market (through the facilities of the TSX or by private agreement) and are held by the Company as treasury shares until they vest. This amount is shown as a reduction in the carrying value of the Company's common shares. The Company recognizes the fair value of the award when granted as employee compensation expense with a corresponding credit to contributed surplus over a 17-quarter period beginning in the year in which performance commences and ending on the vesting date. As RSs are released, the portion of the contributed surplus relating to the RSs is credited to share capital within shareholders' equity.

With respect to RSUs that are cash-settled, the Company recognizes the fair value of the award when granted as employee compensation expense with a corresponding credit to trade payables and other over a 17-quarter period beginning in the year in which performance commences and ending on the vesting date. Changes in the liability subsequent to the grant date and prior to settlement due to changes in fair value of the Company's common shares are recorded as employee compensation expense in the period incurred.

(iv) Deferred Share Unit Plans

Directors' Deferred Share Unit Plan

The Company has a Directors' Deferred Share Unit Plan ("Directors' DSU Plan") under which members of the Company's non-executive Board of Directors elect annually to receive all or a portion of their annual retainers and fees in the form of deferred share units ("Directors' DSUs"). The Directors' DSUs vest on the grant date and are settled in cash upon termination of Board service. Participants are also entitled to receive notional distributions in additional Directors' DSUs equal to dividends that are paid on common shares.

For each Directors' DSU granted, the Company recognizes the market value of the Company's common shares on the grant date as employee compensation expense with a corresponding credit to trade payables and other. Changes in the liability subsequently due to changes in fair value of the Company's common shares are recorded as employee compensation expense in the period incurred.

3. Summary of Significant Accounting Policies, cont'd

CEO Deferred Share Unit Plan

The Company has a CEO Deferred Share Unit Plan ("CEO DSU Plan") under which the CEO receives compensation in the form of deferred share units ("CEO DSUs"). The CEO DSUs vest on the third anniversary of the grant date and are settled in cash upon termination of employment. The CEO is also entitled to receive notional distributions in additional CEO DSUs equal to dividends that are paid on common shares. These additional CEO DSUs will, up to the vesting date, vest on the vesting date, and after the vesting date, will vest on the grant date. If the CEO resigns from the Company or is terminated for cause, all CEO DSUs that have not yet vested will be forfeited.

The Company recognizes the fair value of the initial award as employment compensation expense with a corresponding credit to trade payables and other over a three-year period. For the grant of CEO DSUs in respect of notional distributions, the Company recognizes the market value of the Company's common shares on the grant date as employee compensation expense with a corresponding credit to trade payables and other. Changes in the liability subsequently due to changes in fair value of the Company's common shares are recorded as employee compensation expense in the period incurred.

The Directors' DSU Plan and the CEO DSU Plan will herein be referred to as "DSU Plans".

Share Capital

Common shares issued by the Company are classified as equity.

Incremental costs directly attributable to the issuance of common shares are shown in equity as a deduction, net of tax, from the proceeds.

When the Company purchases its own share capital (treasury shares), the consideration paid, including any directly attributable incremental costs, net of tax, is deducted from equity attributable to the Company's shareholders until the shares are cancelled or reissued. Where such common shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's shareholders.

Dividends

Dividends to the Company's shareholders are recognized as a liability in the Company's consolidated financial statements in the period in which the dividends are declared by the Company's Board of Directors.

3. Summary of Significant Accounting Policies, cont'd

Government Grants

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

4. Changes in Significant Accounting Policies and Estimates

Adoption of Recent Accounting Pronouncements

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

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

In August 2020, the IASB issued further amendments to provide a practical expedient from discontinuing hedging relationships and the related hedge accounting treatment as a result of the interest rate benchmark reform as well as additional disclosures. The disclosures are to provide additional information on the effect of the reform on the Company's financial instruments and risk management strategy. These amendments apply retrospectively and are effective for annual periods beginning on or after January 1, 2021 with earlier application permitted; however, companies are not required to restate prior periods. These amendments had no impact on the consolidated financial statements.

Amendment to IFRS 16, COVID-19-Related Rent Concessions beyond June 30, 2021

In March 2021, the IASB extended, by one year, the May 2020 amendment that permits lessees, as a practical expedient, not to assess whether particular rent concessions that reduce lease payments occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications.

The amendment is effective for annual periods beginning on or after April 1, 2021, with earlier application permitted. The amendment did not have an impact on the consolidated financial statements.

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

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 twelve months;
- provide that management's expectations are not a relevant consideration as to whether the Company will exercise its rights to defer settlement of a liability; and
- clarify when a liability is considered settled.

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

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

In May 2020, the IASB issued amendments to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, to specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract and can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The new guidance will be effective for annual periods beginning on or after January 1, 2022 and is to be applied to contracts that have unfulfilled obligations as at the beginning of that period. The Company expects the impact of these amendments on its consolidated financial statements to not be material.

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

Amendments to IFRS 3: Reference to the Conceptual Framework

In May 2020, the IASB issued amendments to IFRS 3, *Business Combinations - Reference to the Conceptual Framework*. The amendments are intended to replace a reference to a previous version of the IASB's *Conceptual Framework* (1989) with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21, *Levies*, if incurred separately. The amendments also added a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The new guidance is effective for annual periods beginning on or after January 1, 2022 and must be applied prospectively. The Company has not yet determined the impact of these amendments on its consolidated financial statements.

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*, in which it 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 will be effective for annual periods beginning on or after January 1, 2023, with earlier application permitted, and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date.

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 Company expects the impact of these amendments on its consolidated financial statements to not be material.

5. 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.

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

On June 13, 2021, the Company experienced a cybersecurity incident impacting some of its IT back-office systems. As part of the Company's cybersecurity and business continuity protocols, manual instances of controls and processes were adopted where automated integrations or systems access were temporarily unavailable. As a result, there were no significant changes in the Company's controls or significant assumptions and estimates that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting or consolidated financial statements.

The following discussion sets forth management's most significant estimates and assumptions in determining the value of assets and liabilities and the most significant judgments in applying its accounting policies.

Revenue Recognition and Determination and Allocation of the Transaction Price
The Company estimates variable consideration for contingency arrangements on a project-by-project basis. Variable consideration is constrained to the extent that it is highly probable that the amount will not be subject to significant reversal when the uncertainty is resolved, which is when savings are realized by the customer, unless the contractual terms provide for an enforceable right to payment for performance completed.

5. Critical Accounting Estimates and Judgments, cont'd

The transaction price is allocated on the basis of the relative standalone selling prices for contracts with more than one performance obligation. Estimation of the standalone selling price involves reasonably available data points, market conditions, entity-specific factors and information about the customer or class of customer and to similar customers as evidence of the standalone selling price for each performance obligation; however, when one is not available, the standalone selling price is estimated. Where the observable price is not available, based on the specific facts and circumstances, either the adjusted market assessment or the expected cost plus a margin approach is applied. The determination of the standalone selling prices requires significant judgment.

Impairment of Trade Receivables and Contract Assets

The impairment provisions for trade receivables and contract assets disclosed in Notes 13 and 29 determined under IFRS 9 are based on assumptions about the risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation based on the Company's past history, existing market conditions, including COVID-19 considerations, and forward-looking estimates at the end of each reporting period. Such estimates and judgments could impact trade receivables, contract assets for unbilled revenue on customer contracts and office and other operating expenses.

Estimated Impairment of Goodwill

The Company tests at least annually whether goodwill is subject to any impairment in accordance with the accounting policy stated in Note 3. The recoverable amount for any CGU is determined based on the higher of fair value less costs to sell and value in use. Both of the valuation approaches require the use of estimates. Refer to Note 20 for the results of the impairment assessment.

Determination of Purchase Price Allocations and Contingent Consideration

Estimates are made in determining the fair value of assets and liabilities, including the valuation of separately identifiable intangibles acquired as part of an acquisition. Judgments are also made in determining whether any consideration transferred for an acquisition relates to future compensation arrangements and are therefore to be excluded from the purchase price allocation. Furthermore, estimates are made in determining the value of contingent consideration payments that should be recorded as part of the consideration on the date of acquisition and changes in contingent consideration payable in subsequent reporting periods. Contingent consideration payments are generally based on acquired businesses achieving certain performance targets. The estimates are based on management's best assessment of the related inputs used in the valuation models, such as future cash flows and discount rates. Future performance results that differ from management's estimates could result in changes to liabilities recorded, which are recorded as they arise through profit or loss. Refer to Note 6 for acquisitions and associated purchase price allocations as well as Notes 21 and 29 for the carrying value of contingent consideration payables.

5. Critical Accounting Estimates and Judgments, cont'd

Income Taxes

The Company is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income taxes in the period in which such determination is made. Refer to Note 10 for the income tax movements.

6. Acquisitions

Acquisitions in 2021

Acquisition of Finance Active SAS

On April 1, 2021, the Company acquired all of the issued and outstanding shares of Finance Active SAS ("Finance Active") and its subsidiaries for approximately EUR106,524 (CAD157,288) including a working capital payable of EUR96 (CAD141). On closing, the Company paid a total of EUR89,211 (CAD131,866) in cash, funded by drawing down on the Company's credit facilities. In addition, the Company issued 303,177 common shares to the selling shareholders and certain members of Finance Active's management team valued at EUR12,410 (CAD18,324) from treasury. These common shares will be held in escrow and will vest and be released over two- or three-year periods on each anniversary of the closing date, subject to compliance with certain terms and conditions. Of the shares issued, 156,405 valued at EUR6,402 (CAD9,453) are also subject to continued employment over the vesting period. As part of the purchase price, EUR4,807 (CAD7,098) is also payable in cash over three years after closing. As part of the transaction, the Company entered into non-compete agreements with members of management of Finance Active. Founded in 2000, Finance Active is a European provider of SaaS debt management and financial risk management SaaS solutions for treasury and investment management serving public, corporate and financial institutions. Finance Active is headquartered in Paris, France, with a wide geographic footprint in Europe including over 3,000 customers ranging from small-to-medium businesses to large, global institutions. Finance Active's team of approximately 160 professionals has integrated with the Company's Altus Analytics business.

For accounting purposes, the 156,405 common shares granted and subject to continued employment are held as treasury shares. As these common shares vest, the fair value of the award will be recognized as employee compensation expense with a corresponding amount recognized in contributed surplus. When these common shares are released, the amounts recognized in contributed surplus will be transferred to share capital within shareholders' equity. In addition, the Company recognized the settlement of a put option derivative liability with the selling shareholders of Finance Active of EUR1,500 (CAD2,215) on the acquisition date as part of the consideration transferred.

6. **Acquisitions,** cont'd

Acquisition of StratoDem Analytics

On May 4, 2021, the Company acquired certain assets of StratoDem Analytics, LLC ("StratoDem Analytics") for USD24,350 (CAD29,916) in cash and common shares, subject to adjustments. As part of the transaction, the Company entered into a non-compete agreement with members of management of StratoDem Analytics. As consideration for these assets, the Company paid cash of USD15,950 (CAD19,596). In addition, the Company issued 165,320 common shares to the vendors valued at USD8,400 (CAD10,320) from treasury. The common shares will be held in escrow, and will vest and be released 50% on the first anniversary and the remaining 50% equally at 25% on each of the second and third anniversary of the closing date, subject to compliance with certain terms and conditions. Of the shares issued, 139,977 valued at USD7,112 (CAD8,738) are also subject to continued employment over the vesting period. StratoDem Analytics is an early-stage company offering data-science-as-a-service for the real estate sector. Based in the U.S., StratoDem Analytics' team has integrated with the Company's Altus Analytics business unit.

For accounting purposes, the 139,977 common shares granted and subject to continued employment are held as treasury shares. As these common shares vest, the fair value of the award will be recognized as employee compensation expense with a corresponding amount recognized in contributed surplus. When these common shares are released, the amounts recognized in contributed surplus will be transferred to share capital within shareholders' equity.

Acquisition of ArGil Property Tax Services Paralegal Professional Corporation

On August 16, 2021, the Company acquired certain assets of ArGil Property Tax Services Paralegal Professional Corporation ("ArGil") for CAD6,148 including a working capital payable of CAD2,148. As part of the transaction, the Company entered into a non-compete agreement with members of management of ArGil. As consideration for these assets, the Company paid cash of CAD1,400 and will pay to the vendors excess working capital of CAD2,148. In addition, the Company issued 40,023 common shares to the vendors valued at CAD2,400 from treasury. The common shares will be held in escrow, and will vest and be released equally over three years on each anniversary of the closing date, subject to compliance with certain terms and conditions. The shares issued are also subject to continued employment over the vesting period. The purchase agreement also provides for contingent consideration of CAD200, subject to certain performance targets being achieved over a three-year period from the closing date. ArGil provides Property Tax Advisory services in Ontario, Canada. Based in Canada, the ArGil team has integrated with the Company's Property Tax business.

For accounting purposes, the 40,023 common shares granted and subject to continued employment are held as treasury shares. As these common shares vest, the fair value of the award will be recognized as employee compensation expense with a corresponding amount recognized in contributed surplus. When these common shares are released, the amounts recognized in contributed surplus will be transferred to share capital within shareholders' equity.

6. **Acquisitions,** cont'd

Acquisition of Scryer, Inc. (d/b/a Reonomy) ("Reonomy")
On November 12, 2021, the Company acquired all of the issued and outstanding shares of Reonomy for USD201,500 (approximately CAD250,785) (on a cash-free debt-free basis), subject to adjustments.

On closing, the Company paid a total of USD218,094 (CAD271,438) in cash, funded with cash on hand and drawing down on the Company's credit facilities. In addition, there is a working capital payable of USD277 (CAD344) that will be settled in 2022. As part of the transaction, the Company entered into non-compete agreements with members of management of Reonomy. In addition, the Company issued 58,466 common shares to employees of Reonomy valued at USD3,000 (CAD3,734) from treasury. These common shares are held in escrow and will vest and be released in equal installments on each of the first and second anniversaries of the grant date, subject to compliance with certain terms and conditions. Reonomy is an AI-powered data platform for the CRE industry. Based in the U.S., Reonomy' team will integrate with the Company's Altus Analytics business unit.

For accounting purposes, the 58,466 common shares granted and subject to continued employment are held as treasury shares. As these common shares vest, the fair value of the award will be recognized as employee compensation expense with a corresponding amount recognized in contributed surplus. When these common shares are released, the amounts recognized in contributed surplus will be transferred to share capital within shareholders' equity.

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

6. Acquisitions, cont'd

The purchase price allocations, subject to finalization, are based on management's best estimate of fair value, and at the acquisition dates are as follows:

	Finance Active	StratoDem Analytics	ArGil	Reonomy	**Total**
Acquisition-related costs (included in acquisition and related transition costs (income) in the consolidated statements of comprehensive income (loss))	$ 7,030	$ 810	$ 130	$ 2,420	**$ 10,390**
Consideration:					
Cash (including working capital payable)	$ 131,866	$ 19,596	$ 3,548	$ 271,782	**$ 426,792**
Common shares	18,324	10,320	2,400	3,734	**34,778**
Deferred consideration	7,098	-	-	-	**7,098**
Contingent consideration	-	-	200	-	**200**
	157,288	29,916	6,148	275,516	**468,868**
Less: common shares subject to be recognized as employee compensation expense	(9,453)	(8,738)	(2,400)	(3,734)	**(24,325)**
Less: discount on shares	(1,774)	(316)	-	-	**(2,090)**
Less: discount on deferred consideration	(356)	-	-	-	**(356)**
Less: discount on contingent consideration	-	-	(27)	-	**(27)**
Less: settlement of put option derivative	(2,215)	-	-	-	**(2,215)**
	143,490	20,862	3,721	271,782	**439,855**
Less: consideration transferred for non-compete agreements	(738)	(2,146)	(164)	(3,037)	**(6,085)**
Consideration transferred for acquired business	142,752	18,716	3,557	268,745	**433,770**
Recognized amounts of identifiable assets acquired and liabilities assumed:					
Cash and cash equivalents	11,160	-	-	56,448	**67,608**
Trade receivables and other	10,585	14	2,398	4,238	**17,235**
Investment in equity instruments	155	-	-	-	**155**
Property, plant and equipment	749	6	6	301	**1,062**
Trade payables and other	(23,083)	(270)	-	(35,444)	**(58,797)**
Right-of-use assets	4,756	-	-	3,338	**8,094**
Intangibles	105,721	7,262	562	114,340	**227,885**
Lease liabilities	(4,511)	-	-	(3,332)	**(7,843)**
Deferred taxes, net	(27,496)	-	-	623	**(26,873)**
Non-controlling interest	(2,805)	-	-	-	**(2,805)**
Total identifiable net assets of acquired business	75,231	7,012	2,966	140,512	**225,721**
Goodwill	$ 67,521	$ 11,704	$ 591	$ 128,233	**$ 208,049**
Goodwill and intangibles expected to be deductible for tax purposes	$ -	$ 30,149	$ 3,744	$ -	**$ 33,893**

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

6. Acquisitions, cont'd

Non-controlling interest for the Finance Active acquisition represents the fair value of the exercise price of a put and call option derivative liability related to a 30% minority interest in a limited partnership in Germany, Verifino GmbH & Co.KG, which is exercisable beginning in 2022. Changes in the fair value of the liability are recorded with an offset to other equity and changes arising from foreign currency translation are recorded in other comprehensive income (loss).

Goodwill arising from the acquisitions relates to expected synergies with the existing businesses and the opportunities to strengthen and complement offerings with greater breadth and depth to both existing and acquired clients.

Intangibles acquired are as follows:

	Finance Active	StratoDem Analytics	ArGil	Reonomy	**Total**
Indefinite life assets					
Brands of acquired businesses	$ 12,846	$ -	$ -	$ -	**$ 12,846**
Finite life assets					
Brands of acquired businesses	$ -	$ -	$ -	$ 460	**$ 460**
Customer lists	62,163	446	415	22,116	**85,140**
Custom application software	30,712	6,590	-	65,590	**102,892**
Data agreements	-	-	-	26,174	**26,174**
Customer backlog	-	226	147	-	**373**
Non-compete agreements	738	2,146	164	3,037	**6,085**
	$ 93,613	$ 9,408	$ 726	$ 117,377	**$ 221,124**

Revenues and profit (loss) for Finance Active for the period from April 1, 2021 to December 31, 2021 included in the consolidated statements of comprehensive income (loss) are $26,092 and $(7,119), respectively. The gross contractual amounts of acquired receivables for Finance Active were $9,167, of which $149 was expected to be uncollectable at the date of acquisition.

Revenues and profit (loss) for StratoDem Analytics for the period from May 4, 2021 to December 31, 2021 included in the consolidated statements of comprehensive income (loss) are $843 and $(2,020), respectively. The gross contractual amounts of acquired receivables for StratoDem Analytics were $nil, of which $nil was expected to be uncollectable at the date of acquisition.

ArGil has been fully integrated into the operations of Property Tax and the stand-alone revenues and profit (loss) could not be determined. The gross contractual amounts of acquired receivables for ArGil were $1,147, of which $nil was expected to be uncollectable at the date of acquisition.

6. Acquisitions, cont'd

Revenues and profit (loss) for Reonomy for the period from November 12, 2021 to December 31, 2021 included in the consolidated statements of comprehensive income (loss) are $2,554 and $(3,347), respectively. The gross contractual amounts of acquired receivables for Reonomy were $1,994, of which $686 was expected to be uncollectable at the date of acquisition.

Acquisition in 2020

Acquisition of Property Tax Assistance Company Inc.

On December 1, 2020, the Company acquired certain operating assets of Property Tax Assistance Company Inc. ("PTA") for USD10,125 (CAD13,139) in cash, subject to closing working capital adjustments of USD2,203 (CAD2,859). As part of the transaction, the Company entered into non-compete agreements with key members of management of PTA. On closing, the Company paid cash of USD9,625 (CAD12,490). In addition, the Company granted common shares of USD3,375 (CAD4,376) to key members of management of PTA, which were issued from treasury. The common shares will be held in escrow and will vest and be released equally over four years on each anniversary of the closing date, subject to continued employment with the Company and compliance with certain terms and conditions. PTA is a U.S. property tax consulting firm based in California that provides personal property and real estate tax services for commercial, industrial and multifamily properties.

For accounting purposes, the common shares granted are held as treasury shares. As these common shares vest, the fair value of the award will be recognized as employee compensation expense with a corresponding amount recognized in contributed surplus. When these common shares are released, the amounts recognized in contributed surplus will be transferred to share capital within shareholders' equity.

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

6. Acquisitions, cont'd

The purchase price allocation is based on management's best estimate of fair value, and at the acquisition date is as follows:

		PTA
Acquisition-related costs (included in acquisition and related transition costs (income) in the consolidated statements of comprehensive income (loss))	$	219
Consideration:		
Cash	$	15,998
Less: consideration transferred for non-compete agreements		(1,019)
Consideration transferred for acquired business		14,979
Recognized amounts of identifiable assets acquired and liabilities assumed:		
Trade receivables and other		4,511
Trade payables and other		(30)
Right-of-use assets		489
Intangibles		7,907
Lease liabilities		(489)
Total identifiable net assets of acquired business		12,388
Goodwill	$	2,591
Goodwill and intangibles deductible for tax purposes	$	11,517

Goodwill arising from the acquisition relates to expected synergies with the existing businesses and the opportunities to strengthen and complement offerings with greater breadth and depth to both existing and acquired clients.

Intangibles acquired are as follows:

		PTA
Finite life assets		
Non-compete agreements	$	1,019
Customer lists		2,006
Customer backlog		5,901
	$	8,926

Revenues and profit (loss) for PTA for the period from December 1, 2020 to December 31, 2020 included in the consolidated statements of comprehensive income (loss) are $261 and $(476), respectively. The gross contractual amounts of acquired receivables for PTA were $918, of which $nil was expected to be uncollectable at the date of acquisition.

7. Segmented Information

The segmentation reflects the way the CEO allocates resources and assesses performance. The CEO considers the business from a core service perspective. The areas of core service are Altus Analytics and Commercial Real Estate Consulting. The CEO assesses the performance of the 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 a measure of Adjusted EBITDA.

Altus Analytics provides software, data, analytics and advisory solutions that enable clients to drive better performance in the areas of valuation, transactions, performance, strategy and intelligence.

Commercial Real Estate Consulting provides Property Tax, and Valuation and Cost Advisory solutions across the various stages of the commercial real estate lifecycle - from feasibility, development, acquisition, management and disposition.

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

Adjusted EBITDA 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 RSUs and 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.

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

7. Segmented Information, cont'd

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

	Year ended December 31, 2021	Year ended December 31, 2020
Adjusted EBITDA	$ **109,755**	$ 98,928
Occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 (1)	**13,199**	12,312
Depreciation of right-of-use assets	**(12,119)**	(11,210)
Depreciation of property, plant and equipment and amortization of intangibles	**(34,463)**	(30,404)
Acquisition and related transition (costs) income	**(10,137)**	887
Unrealized foreign exchange gain (loss) (2)	**(1,104)**	(165)
Gain (loss) on disposal of right-of-use assets, property, plant and equipment and intangibles (2)	**248**	(457)
Share of profit (loss) of joint venture	**1,187**	459
Non-cash share-based compensation costs (3)	**(19,455)**	(10,261)
Gain (loss) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged (3)	**2,040**	(471)
Restructuring (costs) recovery	**(15)**	(11,984)
Gain (loss) on investments (4)	**2,930**	21
Impairment charge - leases	**-**	(36)
Other non-operating and/or non-recurring income (costs) (5)	**(11,517)**	(3,429)
Earnings (loss) from continuing operations before finance costs and income taxes	**40,549**	44,190
Finance (costs) income, net - leases	**(2,219)**	(2,494)
Finance (costs) income, net - other	**(4,130)**	(4,138)
Profit (loss) from continuing operations before income taxes	**34,200**	37,558
Income tax (expense) recovery	**(8,627)**	(10,549)
Profit (loss) for the year from continuing operations	$ **25,573**	$ 27,009
Profit (loss) for the year from discontinued operations	**-**	(5,576)
Profit (loss) for the year	$ **25,573**	$ 21,433

(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 consolidated statements of comprehensive income (loss).

(3) Included in employee compensation expenses in the 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 year ended December 31, 2021 relate to (i) costs relating to the June 13, 2021 cybersecurity incident net of insurance proceeds received or receivable, and (ii) transaction and other related costs. For the year ended December 31, 2020, other non-operating and/or non-recurring income (costs) relate to (i) transitional costs related to the departure of senior executives, (ii) legal, advisory, and other consulting costs related to a Board strategic initiative, and (iii) transaction and other related costs. These are included in office and other operating expenses in the consolidated statements of comprehensive income (loss).

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

7. Segmented Information, cont'd

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

Segment Revenues and Expenditures

							Year ended December 31, 2021
	Altus Analytics	Commercial Real Estate Consulting			Corporate [1]	Eliminations	**Total**
		Property Tax	Valuation and Cost Advisory	Total			
Revenues from external customers	$ 250,610	$ 259,908	$ 114,869	$ 374,777	$ -	$ -	**$ 625,387**
Inter-segment revenues	474	3	(176)	(173)	-	(301)	**-**
Total segment revenues	251,084	259,911	114,693	374,604	-	(301)	**625,387**
Adjusted EBITDA	41,567	87,616	16,440	104,056	(35,868)	-	**109,755**
Depreciation of right-of-use assets	6,077	2,955	2,496	5,451	591	-	**12,119**
Depreciation of property, plant and equipment and amortization of intangibles	19,334	12,866	1,363	14,229	900	-	**34,463**
Finance costs (income), net - leases	464	674	483	1,157	598	-	**2,219**
Finance costs (income), net - other	-	-	-	-	4,130	-	**4,130**
Income tax expense (recovery)	-	-	-	-	8,627	-	**8,627**

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

Unsatisfied performance obligations on fixed long-term customer contracts, mainly within Altus Analytics and the Cost Advisory practice, are $81,820 as of December 31, 2021 (December 31, 2020 - $77,861). It is expected that approximately 55% of the fixed customer contract value will be recognized as revenue over the next 12 months, approximately 25% in the year following, and the balance thereafter. This amount excludes contract values that have variable or contingency-based arrangements, which account for a significant portion of the revenue recognized in the current year. The Company applies the practical expedient to not disclose the unsatisfied portions of performance obligations related to contracts with a duration of one year or less, or the unsatisfied portions of performance obligations where the revenue recognized corresponds with the amounts invoiced to customers.

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

7. Segmented Information, cont'd

	Altus Analytics	Commercial Real Estate Consulting – Property Tax	Commercial Real Estate Consulting – Valuation and Cost Advisory	Commercial Real Estate Consulting – Total	Corporate [1]	Eliminations	Total
							Year ended December 31, 2020
Revenues from external customers	$ 203,235	$ 245,161	$ 112,760	$ 357,921	$ -	$ -	$ 561,156
Inter-segment revenues	472	1	(168)	(167)	-	(305)	-
Total segment revenues	203,707	245,162	112,592	357,754	-	(305)	561,156
Adjusted EBITDA	35,845	76,961	15,127	92,088	(29,005)	-	98,928
Depreciation of right-of-use assets	4,644	3,231	2,792	6,023	543	-	11,210
Depreciation of property, plant and equipment and amortization of intangibles	13,537	13,144	2,189	15,333	1,534	-	30,404
Finance costs (income), net - leases	509	744	617	1,361	624	-	2,494
Finance costs (income), net - other	-	-	-	-	4,138	-	4,138
Income tax expense (recovery)	-	-	-	-	10,549	-	10,549

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

Geographic Information - Revenue from External Customers

	Year ended December 31, 2021	Year ended December 31, 2020
Canada	**$ 185,709**	$ 183,042
U.S.	**232,712**	212,807
Europe	**178,801**	136,161
Asia Pacific	**28,165**	29,146
Total	**$ 625,387**	$ 561,156

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

8. Employee Compensation

		Year ended December 31, 2021		Year ended December 31, 2020
Salaries and benefits	$	377,517	$	340,595
Share-based compensation (Note 26)		23,938		14,356
	$	401,455	$	354,951

During 2021, the Company incurred termination benefits of $1,914, of which $nil was recorded in office and other operating expense (2020 - $1,408 and $1,137, respectively). During 2021, the Company incurred $nil (2020 - $750) of additional share-based compensation related to the departure of senior executives, which was recorded in office and other operating expenses.

9. Finance Costs (Income), Net

		Year ended December 31, 2021		Year ended December 31, 2020
Interest on bank credit facilities	$	3,918	$	3,943
Interest on lease liabilities		2,219		2,494
Deferred consideration payables: unwinding of discount		107		-
Contingent consideration payables: unwinding of discount (Note 29)		6		102
Provisions: unwinding of discount (Note 21)		5		34
Interest - other		340		-
Change in fair value of interest rate swaps		-		138
Finance costs		6,595		6,711
Finance income		(246)		(79)
Finance costs (income), net	$	6,349	$	6,632

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

10. Income Taxes

	Year ended December 31, 2021	Year ended December 31, 2020
Current income taxes		
Current income tax on profits for the year	$ 18,567	$ 12,372
Adjustments in respect of prior years	482	336
Total current income taxes	19,049	12,708
Deferred income taxes		
Origination and reversal of temporary differences	(10,538)	(2,006)
Adjustments in respect of prior years	(572)	(413)
Change in income tax rates	688	260
Total deferred income taxes	(10,422)	(2,159)
Income tax expense (recovery)	$ 8,627	$ 10,549

The reconciliation between income tax expense and the tax applicable to profits in Canada is as follows:

	Year ended December 31, 2021		Year ended December 31, 2020	
Profit (loss) from continuing operations before income taxes	$ 34,200		$ 37,558	
Profit (loss) from discontinued operations	-		(5,576)	
Profit (loss) before income taxes	$ 34,200		$ 31,982	
Tax calculated at domestic income tax rate applicable to profits in Canada	9,200	26.90%	8,603	26.90%
Tax effects of:				
Impact of countries with different income tax rates	(3,131)	(9.16%)	(2,245)	(7.02%)
Impairment charge	-	-	656	2.05%
Losses and deductible temporary differences for which no deferred tax asset has been recognized	529	1.55%	2,764	8.64%
Change in income tax rates	688	2.01%	259	0.81%
Expenses not deductible for income tax purposes	837	2.45%	1,525	4.77%
Other	504	1.47%	(1,013)	(3.17%)
Income tax expense (recovery)	$ 8,627	25.23%	$ 10,549	32.98%

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

10. Income Taxes, cont'd

Deferred Income Taxes

The gross movement on the deferred income taxes account is as follows:

		Amount
Balance as at January 1, 2020	$	10,247
(Charged) credited to profit or loss		2,159
(Charged) credited to other comprehensive income (loss)		745
Exchange differences and others		(467)
Balance as at December 31, 2020		12,684
(Charged) credited to profit or loss		10,422
(Charged) credited to other comprehensive income (loss)		(550)
(Charged) credited to share capital or goodwill		(26,861)
Exchange differences and others		530
Balance as at December 31, 2021	**$**	**(3,775)**

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

		Non-capital Income Tax Losses		Tax Deductible Goodwill		Other		**Total**
Deferred income tax assets								
Balance as at January 1, 2020	$	2,772	$	15,528	$	14,280	$	32,580
(Charged) credited to profit or loss		811		(6,629)		2,343		(3,475)
(Charged) credited to other comprehensive income (loss)		-		-		1,081		1,081
Exchange differences and others		(22)		(212)		35		(199)
Balance as at December 31, 2020		3,561		8,687		17,739		29,987
(Charged) credited to profit or loss		31,050		430		7,103		38,583
(Charged) credited to other comprehensive income (loss)		-		-		(1,149)		(1,149)
Exchange differences and others		(136)		(53)		(241)		(430)
Balance as at December 31, 2021	**$**	**34,475**	**$**	**9,064**	**$**	**23,452**	**$**	**66,991**

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

10. Income Taxes, cont'd

	Accelerated Tax Depreciation	Unbilled Revenue on Customer Contracts	Intangibles	Other	**Total**
Deferred income tax liabilities					
Balance as at January 1, 2020	$ (198)	$ (240)	$ (21,534)	$ (361)	$ (22,333)
(Charged) credited to profit or loss	100	173	4,983	378	5,634
(Charged) credited to other comprehensive income (loss)	-	-	-	(336)	(336)
Exchange differences and others	(5)	(7)	(224)	(32)	(268)
Balance as at December 31, 2020	(103)	(74)	(16,775)	(351)	(17,303)
(Charged) credited to profit or loss	70	(14)	(27,909)	(308)	(28,161)
(Charged) credited to other comprehensive income (loss)	-	-	-	599	599
(Charged) credited to share capital or goodwill	-	-	(26,861)	-	(26,861)
Exchange differences and others	2	4	952	2	960
Balance as at December 31, 2021	**$ (31)**	**$ (84)**	**$ (70,593)**	**$ (58)**	**$ (70,766)**

Deferred income tax assets are recognized for tax loss carryforwards to the extent that the realization of the related tax benefit through future taxable profits is probable based on future estimated profits in excess of the profits arising on the reversal of existing taxable temporary differences. Evidence supporting recognition of these deferred income tax assets includes earnings forecasts and the utilization of tax losses in the current year.

As at December 31, 2021, there are recognized net operating loss carryforwards from U.S. acquisitions, which may be applied against taxable income of future years, no later than as follows:

	Amount
2022	$ 1,316
2023	1,859
2024	368
2033 to 2036	21,469
Indefinite	95,423
	$ 120,435

10. Income Taxes, cont'd

There are unrecognized net operating loss carryforwards in the U.S. of approximately $1,157 that are available to reduce taxable income of a foreign subsidiary; $699 of losses expire in 2037 and $458 of losses may be carried forward indefinitely.

In Europe, there are unrecognized loss carryforwards of approximately $2,015 that may be carried forward indefinitely. Net operating losses of approximately $6,622 are recognized that may be carried forward indefinitely, which may be applied against taxable income of future years.

The Company has net operating losses of approximately $1,854 in Asia Pacific that are recognized and may be carried forward indefinitely. It has unrecognized net operating loss carryforwards in Asia Pacific of approximately $6,993 that are available to reduce taxable income of certain foreign subsidiaries; $3,282 of losses expire between 2022 and 2029 and $3,711 of losses may be carried forward indefinitely.

The Company has net operating losses of approximately $8,611 in Canada that are recognized and expire in 2040. It has unrecognized net operating losses of approximately $20,692, of which, $6,166 of losses expire in 2040 and $14,526 of losses expire in 2041.

11. Discontinued Operations

On January 21, 2020, the Company announced its intention to combine its Geomatics business segment with WSP Global Inc.'s ("WSP") respective geomatics business unit. Effective June 27, 2020, the combined entity launched as GeoVerra Inc. ("GeoVerra"), forming a Canadian geomatics firm with employees in offices in Western Canada and Ontario, with the Company receiving a 49.5% equity interest and 50% of the voting rights (Note 16). The Company has made an accounting policy choice to present details of net cash flows from discontinued operations in this note to the consolidated financial statements. Unless otherwise specified, all other notes to the consolidated financial statements do not include amounts from discontinued operations.

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

11. Discontinued Operations, cont'd

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

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

		Year ended December 31, 2020
Revenues	$	13,962
Expenses		
Employee compensation [(1)]		8,295
Occupancy		331
Office and other operating		4,406
Depreciation of right-of-use assets		52
Depreciation of property, plant and equipment		111
Amortization of intangibles		1
Restructuring costs (recovery)		1,612
Finance costs (income), net - leases		65
Finance costs (income), net - other		(15)
Impairment charge - goodwill		-
Fair value loss (gain) on net assets directly associated with discontinued operations		5,163
(Gain) loss on sale of the discontinued operations		(483)
Profit (loss) for the year from discontinued operations	$	(5,576)

(1) During the year ended December 31, 2020, the Geomatics business recorded government grants related to COVID-19 wage subsidies of $2,571 as a reduction to employee compensation expense.

Following the classification of the Geomatics business segment as discontinued operations on January 21, 2020 to its disposal on June 27, 2020 in exchange for the Company's investment in GeoVerra, fair value losses of $5,163 were recognized in profit (loss) from discontinued operations in 2020 to reduce the carrying value of the assets held for sale to the lower of their carrying value or their fair value less costs to sell.

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

11. Discontinued Operations, cont'd

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

		Year ended December 31, 2020
Net cash provided by (used in) operating activities	$	3,184
Net cash provided by (used in) financing activities		(651)
Net cash provided by (used in) investing activities		(4,073)
Cash flows from discontinued operations	$	(1,540)

The assets and liabilities disposed of in connection with the Geomatics business in exchange for the Company's interest in GeoVerra (Note 16) are as follows:

		June 27, 2020
Consideration received:		
Common shares of joint venture	$	14,850
Assets and liabilities contributed:		
Cash and cash equivalents		3,794
Trade receivables and other		8,279
Right-of-use assets		2,912
Property, plant and equipment		5,134
Intangibles		9
Trade payables and other		(2,093)
Lease liabilities		(3,395)
Borrowings		(273)
Total net assets contributed	$	14,367
Gain on sale of the discontinued operations	$	483

12. Cash and Cash Equivalents

		December 31, 2021		December 31, 2020
Cash on hand	**$**	**49,536**	$	69,637
Short-term deposits		**1,735**		-
	$	**51,271**	$	69,637

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

13. Trade Receivables and Other

	December 31, 2021	December 31, 2020
Trade receivables	$ 171,268	$ 145,427
Less: loss allowance provision	(19,913)	(16,869)
Trade receivables, net	151,355	128,558
Contract assets: unbilled revenue on customer contracts [(1)]	47,677	48,120
Deferred costs to obtain customer contracts	1,942	2,205
Prepayments	20,903	13,229
Due from related party (GeoVerra)	3,074	1,675
Other receivables	1,182	655
	226,133	194,442
Less: non-current portion	(2,818)	(1,370)
	$ 223,315	$ 193,072

(1) On December 31, 2021, contract assets are stated net of expected credit losses of $787 (December 31, 2020 - $670) (Note 29).

For the year ended December 31, 2021, $2,696 of amortization associated with deferred costs to obtain customer contracts was expensed to the consolidated statements of comprehensive income (loss) (2020 - $1,616). For the years ended December 31, 2021 and 2020, no impairment losses on deferred costs were recognized.

14. Derivative Financial Instruments

	December 31, 2021	December 31, 2020
Assets		
Equity derivatives	$ 21,529	$ 11,277
	21,529	11,277
Less: non-current portion	(15,661)	(8,800)
	$ 5,868	$ 2,477

At the time of issuance of various share-based compensation instruments, the Company entered into derivative contracts with counterparties to manage the exposure to the change in fair value of the share-based compensation in relation to the change in fair value of the Company's common shares.

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

14. Derivative Financial Instruments, cont'd

The following table summarizes the derivative contracts outstanding as at December 31, 2021 and 2020, and number of RSUs, DSUs and LTIRSUs for which they relate:

			December 31, 2021		December 31, 2020	
Effective Date	Description	Contract Expiry	Notional Amount	Fair Value [2]	Notional Amount	Fair Value [2]
March 28, 2014	195,001 (2020 - 173,836) DSUs	March 22, 2022 [1]	**$ 5,989**	**$ 7,879**	$ 5,218	$ 3,324
March 8, 2018	Nil (2020 - 100,420) RSUs relating to 2017 performance year	March 31, 2021	**-**	**-**	2,457	2,477
March 13, 2019	115,923 (2020 - 125,001) RSUs relating to 2018 performance year	March 31, 2022	**2,377**	**5,868**	2,563	3,582
March 24, 2020	69,022 (2020 - 78,322) RSUs relating to 2019 performance year	March 27, 2023	**1,724**	**3,185**	1,956	1,894
March 29, 2021	76,351 (2020 - nil) RSUs relating to 2020 performance year	March 28, 2024	**2,254**	**3,176**	-	-
March 29, 2021	53,662 (2020 - nil) LTIRSUs	March 28, 2024	**2,395**	**1,421**	-	-
			$ 14,739	**$ 21,529**	$ 12,194	$ 11,277

(1) Subject to an automatic one-year extension, unless prior notice is given by the Company.

(2) The fair values indicated are the amounts in excess of/(deficit from) the notional amounts for each equity derivative. Changes in fair value are recognized as gain (loss) on equity derivatives and included in employee compensation expenses in the consolidated statements of comprehensive income (loss).

15. Investments

	December 31, 2021	December 31, 2020
Investments in equity instruments	**$ 14,412**	$ 7,811
Investments in partnerships	**6,394**	2,545
	$ 20,806	$ 10,356

During the year ended December 31, 2021, the Company purchased $2,788 of preferred shares and $148 of common shares as equity instruments (2020 - $nil) and contributed $1,221 towards capital in various partnerships (2020 - $365).

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

15. Investments, cont'd

During the year ended December 31, 2021, fair value adjustments related to the Company's investments in partnerships and equity instruments of $2,930 and $3,383 have been recorded through profit (loss) and other comprehensive income (loss), respectively (2020 - $21 and $(1,337), respectively).

16. Investment in Joint Venture

On June 27, 2020, the Company obtained a 49.5% interest (that provides joint control through an equal 50% of the voting rights) in GeoVerra, a joint venture offering a broad variety of geomatics services across Canada, by contributing certain assets and liabilities of the Company's Geomatics discontinued operations (Note 11). WSP contributed an equal amount of net assets that have a similar nature to those contributed by the Company.

The activity in the Company's investment in GeoVerra during the year is as follows:

		Amount
Balance as at January 1, 2020	$	-
Contribution to investment in joint venture on June 27, 2020 (Note 11)		14,850
Share of profit (loss)		459
Balance as at December 31, 2020		15,309
Share of profit (loss)		1,187
Balance as at December 31, 2021	**$**	**16,496**

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

		December 31, 2021		December 31, 2020
Current assets, including cash and cash equivalents of $4,103	**$**	**40,961**	$	36,290
Non-current assets		**21,770**		22,310
Current liabilities, including financial liabilities of $9,759		**(20,470)**		(17,590)
Non-current liabilities, including financial liabilities of $8,936		**(8,936)**		(10,083)
Equity	**$**	**33,325**	$	30,927
Company's share of equity - 49.5%	**$**	**16,496**	$	15,309

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

16. Investment in Joint Venture, cont'd

	December 31, 2021		Period from June 27, 2020 to December 31, 2020	
Revenues	**$**	**92,738**	$	47,303
Expenses, including depreciation and amortization of $2,766; finance costs of $370; income tax expense of $316		**90,340**		46,376
Profit (loss) and total comprehensive income (loss)	**$**	**2,398**	$	927

As at December 31, 2021, GeoVerra has commitments of $14,515 (December 31, 2020 - $4,356).

17. Leases

The following are continuities of the cost and accumulated depreciation of right-of-use assets for the years ended December 31, 2021 and 2020:

	Year ended December 31, 2021					
	Right-of-Use Assets					
		Property		Equipment		**Total**
Cost						
Balance, beginning of year	$	73,057	$	2,708	$	75,765
Additions		12,158		163		12,321
Acquisition (Note 6)		8,007		87		8,094
Disposals		(3,548)		(89)		(3,637)
Exchange differences		(936)		21		(915)
Balance, end of year		88,738		2,890		91,628
Accumulated depreciation						
Balance, beginning of year		(21,498)		(2,577)		(24,075)
Depreciation charge		(11,966)		(153)		(12,119)
Disposals		4,020		89		4,109
Exchange differences		445		4		449
Balance, end of year		(28,999)		(2,637)		(31,636)
Net book value as at December 31, 2021	**$**	**59,739**	**$**	**253**	**$**	**59,992**

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

17. Leases, cont'd

	Year ended December 31, 2020		
	Right-of-Use Assets		
	Property	Equipment	Total
Cost			
Balance, beginning of year	$ 75,637	$ 3,047	$ 78,684
Additions	1,792	46	1,838
Acquisition (Note 6)	489	-	489
Disposals	(730)	(39)	(769)
Contribution to joint venture (Note 11)	(4,337)	(344)	(4,681)
Impairment	(36)	-	(36)
Exchange differences	242	(2)	240
Balance, end of year	73,057	2,708	75,765
Accumulated depreciation			
Balance, beginning of year	(12,014)	(2,941)	(14,955)
Depreciation charge [(1)]	(11,234)	(28)	(11,262)
Disposals	730	35	765
Fair value loss on net assets directly associated with discontinued operations (Note 11)	(412)	-	(412)
Contribution to joint venture (Note 11)	1,418	351	1,769
Exchange differences	14	6	20
Balance, end of year	(21,498)	(2,577)	(24,075)
Net book value as at December 31, 2020	$ 51,559	$ 131	$ 51,690

(1) Of the amounts presented, $52 was charged to discontinued operations (Note 11).

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

17. Leases, cont'd

The following is a continuity of the movements of lease liabilities for the years ended December 31, 2021 and 2020:

		Lease Liabilities
As at January 1, 2020	$	75,983
Additions		2,138
Acquisition (Note 6)		489
Interest expense [(1)]		2,559
Payments		(14,519)
Contribution to joint venture (Note 11)		(3,395)
Exchange differences		328
As at December 31, 2020		63,583
Additions		12,321
Acquisition (Note 6)		7,843
Interest expense		2,219
Payments		(14,289)
Exchange differences		(538)
As at December 31, 2021		71,139
Less: non-current portion		(57,225)
Current portion as at December 31, 2021	**$**	**13,914**

(1) During the year ended December 31, 2020, $65 was charged to finance costs (income), net - leases in discontinued operations (Note 11).

For the year ended December 31, 2021, the Company paid a total cash outflow of $14,289 for leases (2020 - $14,519), and recognized rent expense from short-term leases of $598 (2020 - $313), leases of low-value assets of $74 (2020 - $56) and variable lease payments of $6,677 in occupancy expense (2020 - $6,354). The weighted average incremental borrowing rate on lease liabilities as at December 31, 2021 is 2.93% (December 31, 2020 - 3.70%).

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

18. Property, Plant and Equipment

The following are continuities of the cost and accumulated depreciation of property, plant and equipment for the years ended December 31, 2021 and 2020:

	Year ended December 31, 2021			
	Leasehold Improvements	Furniture, Fixtures and Equipment	Computer Equipment	**Total**
Cost				
Balance, beginning of year	$ 22,835	$ 12,549	$ 14,241	$ 49,625
Additions	225	1,103	4,637	5,965
Acquisitions	365	253	444	1,062
Disposals	(209)	(117)	(276)	(602)
Exchange differences	(314)	40	(35)	(309)
Balance, end of year	22,902	13,828	19,011	55,741
Accumulated depreciation				
Balance, beginning of year	(12,228)	(8,658)	(8,363)	(29,249)
Depreciation charge	(2,410)	(816)	(2,220)	(5,446)
Disposals	131	84	157	372
Exchange differences	199	53	(46)	206
Balance, end of year	(14,308)	(9,337)	(10,472)	(34,117)
Net book value as at December 31, 2021	**$ 8,594**	**$ 4,491**	**$ 8,539**	**$ 21,624**

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

18. Property, Plant and Equipment, cont'd

	Year ended December 31, 2020			
	Leasehold Improvements	Furniture, Fixtures and Equipment	Computer Equipment	Total
Cost				
Balance, beginning of year	$ 25,508	$ 30,031	$ 16,484	$ 72,023
Additions	604	626	2,350	3,580
Disposals	(1,255)	(3,871)	(2,613)	(7,739)
Contribution to joint venture (Note 11)	(2,089)	(14,176)	(1,995)	(18,260)
Exchange differences	67	(61)	15	21
Balance, end of year	22,835	12,549	14,241	49,625
Accumulated depreciation				
Balance, beginning of year	(11,843)	(21,611)	(9,532)	(42,986)
Depreciation charge (1)	(2,431)	(1,112)	(2,188)	(5,731)
Disposals	1,120	3,767	2,254	7,141
Fair value loss on net assets directly associated with discontinued operations (Note 11)	(164)	(560)	(108)	(832)
Contribution to joint venture (Note 11)	1,114	10,813	1,199	13,126
Exchange differences	(24)	45	12	33
Balance, end of year	(12,228)	(8,658)	(8,363)	(29,249)
Net book value as at December 31, 2020	$ 10,607	$ 3,891	$ 5,878	$ 20,376

(1) Of the amounts presented, $111 was charged to discontinued operations (Note 11).

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

19. Intangibles

The following are continuities of the cost and accumulated amortization of intangible assets for the years ended December 31, 2021 and 2020:

	Year ended December 31, 2021										
	Brands of Acquired Businesses	Computer Application Software	Custom Software Applications	Internally Generated Software	Data Agreements	Customer Backlog	Customer Lists	Databases	Non-compete Agreements	Indefinite Life Brands	**Total**
Cost											
Balance, beginning of year	$ 22,470	$ 5,365	$ 25,157	$ 35,496	$ -	$ 45,771	$ 203,309	$ 6,903	$ 38,024	$ 27,539	$ 410,034
Additions	-	4,664	-	-	-	-	-	-	-	-	4,664
Acquisition (Note 6)	460	-	6,591	96,301	26,174	373	85,140	-	6,085	12,846	233,970
Disposals	-	(111)	-	-	-	-	-	(27)	-	-	(138)
Exchange differences	(205)	(16)	138	(917)	529	(363)	(2,253)	-	(162)	(386)	(3,635)
Balance, end of year	22,725	9,902	31,886	130,880	26,703	45,781	286,196	6,876	43,947	39,999	644,895
Accumulated amortization and impairment											
Balance, beginning of year	(22,246)	(4,047)	(25,156)	(25,365)	-	(32,516)	(184,401)	(6,903)	(31,472)	-	(332,106)
Amortization charge	(194)	(516)	(561)	(6,254)	(269)	(5,623)	(11,577)	-	(4,023)	-	(29,017)
Disposals	-	102	-	-	-	-	-	27	-	-	129
Exchange differences	203	6	74	955	-	250	1,070	-	211	-	2,769
Balance, end of year	(22,237)	(4,455)	(25,643)	(30,664)	(269)	(37,889)	(194,908)	(6,876)	(35,284)	-	(358,225)
Net book value as at December 31, 2021	**$ 488**	**$ 5,447**	**$ 6,243**	**$ 100,216**	**$ 26,434**	**$ 7,892**	**$ 91,288**	**$ -**	**$ 8,663**	**$ 39,999**	**$ 286,670**

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

19. Intangibles, cont'd

	Brands of Acquired Businesses	Computer Application Software	Custom Software Applications	Internally Generated Software	Customer Backlog	Customer Lists	Databases	Non-compete Agreements	Indefinite Life Brands	Total
										Year ended December 31, 2020
Cost										
Balance, beginning of year	$ 24,551	$ 5,309	$ 25,610	$ 34,265	$ 39,862	$ 220,345	$ 6,890	$ 39,384	$ 27,998	$ 424,214
Additions	-	757	-	-	-	-	13	-	-	770
Acquisition (Note 6)	-	-	-	-	5,901	2,006	-	1,019	-	8,926
Disposals	(2,300)	(113)	(75)	-	(30)	(17,590)	-	(2,365)	-	(22,473)
Contribution to joint venture (Note 11)	-	(626)	-	-	-	-	-	-	-	(626)
Exchange differences	219	38	(378)	1,231	38	(1,452)	-	(14)	(459)	(777)
Balance, end of year	22,470	5,365	25,157	35,496	45,771	203,309	6,903	38,024	27,539	410,034
Accumulated amortization and impairment										
Balance, beginning of year	(24,165)	(4,202)	(25,096)	(21,350)	(27,229)	(192,230)	(6,675)	(30,672)	-	(331,619)
Amortization charge [(1)]	(181)	(473)	(513)	(3,520)	(5,293)	(11,378)	(228)	(3,199)	-	(24,785)
Disposals	2,300	101	75	-	30	17,590	-	2,365	-	22,461
Fair value loss on net assets directly associated with discontinued operations (Note 11)	-	(58)	-	-	-	-	-	-	-	(58)
Contribution to joint venture (Note 11)	-	617	-	-	-	-	-	-	-	617
Exchange differences	(200)	(32)	378	(495)	(24)	1,617	-	34	-	1,278
Balance, end of year	(22,246)	(4,047)	(25,156)	(25,365)	(32,516)	(184,401)	(6,903)	(31,472)	-	(332,106)
Net book value as at December 31, 2020	$ 224	$ 1,318	$ 1	$ 10,131	$ 13,255	$ 18,908	$ -	$ 6,552	$ 27,539	$ 77,928

(1) Of the amounts presented, $1 was charged to discontinued operations (Note 11).

Indefinite life intangibles, consisting of the Altus Group, ARGUS and Finance Active brands, have been assessed for impairment along with goodwill as outlined in Note 20. These assets are considered to have indefinite lives as management believes that there is an indefinite period over which the assets are expected to generate net cash flows.

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

19. Intangibles, cont'd

The finite life intangibles will be amortized over the remaining useful life as follows:

	December 31, 2021
	Average Remaining Useful Life
Brands of acquired businesses	3 months - 34 months
Custom software applications	88 months
Internally generated software	2 months - 118 months
Customer backlog	10 months - 35 months
Customer lists	1 month - 118 months
Data agreements	142 months
Non-compete agreements	1 month - 56 months

20. Goodwill

The following are continuities of the cost and accumulated impairment losses of goodwill for the years ended December 31, 2021 and 2020:

	Year ended December 31, 2021	Year ended December 31, 2020
Cost		
Balance, beginning of year	**$ 310,215**	$ 342,858
Acquisitions (Note 6)	**208,049**	2,591
Disposals	**-**	(36,461)
Exchange differences	**(2,310)**	1,227
Balance, end of year	**515,954**	310,215
Accumulated impairment losses		
Balance, beginning of year	**(49,145)**	(82,478)
Fair value loss on net assets directly associated with discontinued operations (Note 11)	**-**	(3,861)
Disposals	**-**	36,461
Exchange differences	**501**	733
Balance, end of year	**(48,644)**	(49,145)
Net book value as at December 31, 2021	**$ 467,310**	$ 261,070

The carrying value of the Altus Group brand, an indefinite life intangible asset, was tested for impairment at the Company level and no impairment was necessary.

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

20. Goodwill, cont'd

The carrying values of goodwill and the ARGUS brand and Finance Active brand, indefinite life intangible assets, were allocated to the Company's CGUs as follows:

	December 31, 2021		December 31, 2020	
	Goodwill	ARGUS Brand and Finance Active Brand	Goodwill	ARGUS Brand
Canada RVA	**$ 36,019**	**$ -**	$ 36,019	$ -
North America Cost	**28,411**	**-**	28,411	-
North America Property Tax	**50,362**	**-**	49,825	-
Altus Analytics	**303,935**	**33,734**	97,564	21,278
U.K. Property Tax	**48,437**	**-**	49,095	-
Asia Pacific Cost	**146**	**-**	156	-
Total	**$ 467,310**	**$ 33,734**	$ 261,070	$ 21,278

The recoverable amounts of the CGUs were determined using a discounted cash flow analysis to estimate fair value less costs to sell (Level 3). This analysis incorporated assumptions used by market participants. The key assumptions used were as follows:

	December 31, 2021		December 31, 2020	
	Perpetual Growth Rate	Discount Rate (after-tax)	Perpetual Growth Rate	Discount Rate (after-tax)
Canada RVA	**3.0%**	**12.4%**	3.0%	13.8%
North America Cost	**3.0%**	**13.1%**	3.0%	13.5%
North America Property Tax	**3.0%**	**12.5%**	3.0%	12.5%
Altus Analytics	**3.0%**	**14.5%**	3.0%	14.5%
U.K. Property Tax	**5.0%**	**14.5%**	2.5%	14.5%
Asia Pacific Cost	**3.0%**	**23.0%**	3.0%	23.0%

The discounted cash flow analysis uses after-tax cash flow projections based on five-year financial budgets. Cash flows beyond the five-year period were extrapolated using the estimated perpetual growth rates stated above. The growth rates do not exceed the long-term average growth rate for the business in which the CGU operates. Management's margin assumptions were based on historical performance and future expectations. The discount rates used are on an after-tax basis and reflect risks related to the respective CGU.

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

20. Goodwill, cont'd

Impairment

Management performed its annual impairment analysis as at October 1, 2021 and determined that the indefinite life intangibles and goodwill were not impaired. Goodwill related to the acquisition of Reonomy has been tested for impairment as at December 31, 2021 and was not impaired.

21. Trade Payables and Other

	December 31, 2021	December 31, 2020
Trade payables	$ 10,625	$ 7,596
Accrued expenses	119,213	94,354
Contract liabilities: deferred revenue	73,255	43,032
Deferred consideration payables	6,668	47
Contingent consideration payables	179	-
Dividends payable (Note 28)	6,724	6,124
Provisions	1,551	6,018
Due to related party (GeoVerra)	86	329
	218,301	157,500
Less non-current portion:		
Accrued expenses	20,778	15,449
Contract liabilities: deferred revenue	208	681
Deferred consideration payables	3,462	-
Contingent consideration payables	179	-
Provisions	286	1,076
	24,913	17,206
	$ 193,388	$ 140,294

Revenue recognized in relation to contract liabilities

	Year ended December 31, 2021	Year ended December 31, 2020
Revenue recognized that was included in contract liabilities: deferred revenue at the beginning of the year	$ 40,453	$ 38,441
Revenue recognized from performance obligations partially satisfied in previous years	23,847	18,070

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

21. Trade Payables and Other, cont'd

Provisions consist of:

	Restructuring	Other	**Total**
Balance as at January 1, 2020	$ 953	$ 168	$ 1,121
Charged to profit or loss:			
Additional provisions, net of releases [1]	13,596	-	13,596
Unwinding of discount (Note 9) [2]	27	12	39
Used during the year	(8,754)	25	(8,729)
Exchange differences	(22)	13	(9)
Balance as at December 31, 2020	5,800	218	6,018
Charged to profit or loss:			
Additional provisions, net of releases	15	(25)	(10)
Unwinding of discount (Note 9)	-	5	5
Used during the year	(4,451)	(4)	(4,455)
Exchange differences	7	(14)	(7)
Balance as at December 31, 2021	1,371	180	1,551
Less: non-current portion	(106)	(180)	(286)
	$ 1,265	**$ -**	**$ 1,265**

[1] During the year ended December 31, 2020, $1,612 was charged to restructuring costs (recovery) in discontinued operations (Note 11).

[2] During the year ended December 31, 2020, $5 was charged to finance costs (income), net - other in discontinued operations (Note 11).

22. Borrowings

	December 31, 2021	December 31, 2020
Bank credit facilities	**$ 287,594**	$ 123,000
Less: deferred financing fees	**(670)**	(568)
	$ 286,924	$ 122,432

Amendments to bank credit facilities

On September 24, 2021, the Company amended its bank credit facilities to further strengthen its financial and liquidity position. The amended credit facilities increase the Company's borrowing capacity to $315,000 from $275,000 with certain provisions that allow the Company to further increase the limit to $365,000. The amendment also revised the interest rates under the Company's credit facilities that were benchmarked to LIBOR rates to be benchmarked to SONIA, SOFR and €STR rates.

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

22. Borrowings, cont'd

On November 4, 2021, the Company amended its bank credit facilities. The amended credit facilities increase the Company's borrowing capacity to $400,000 from $315,000 with certain provisions that allow the Company to further increase the limit to $450,000.

Loans bear interest at a floating rate, based on the Canadian Prime rates, Canadian Bankers' Acceptance rates, U.S. Base rates, SONIA, SOFR or €STR rates plus, in each case, an applicable margin to those rates. The applicable margin for Canadian Bankers' Acceptance, SONIA, SOFR and €STR borrowings depends on a trailing four-quarter calculation of the funded debt to EBITDA ratio. The weighted average effective interest rate for the bank credit facilities for the year ended December 31, 2021 was 1.58% (2020 - 2.37%).

The amended bank credit facilities require the Company to comply with the following financial ratios:

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

As at December 31, 2021, the Company was in compliance with the financial covenants and other requirements of the amended bank credit facilities, which are summarized below:

	December 31, 2021
Funded debt to EBITDA (maximum of 4.00:1)	**2.47:1**
Interest coverage (minimum of 3.00:1)	**30.15:1**

In addition, the Company and certain of its subsidiaries, collectively the guarantors, must account for at least 80% of consolidated revenues on a trailing 12-month basis. The bank credit facilities require repayment of the principal at such time as the Company receives proceeds of insurance, equity or debt issuances, or sale of assets in excess of certain thresholds, unless otherwise exempted. Letters of credit are also available on customary terms for bank credit facilities of this nature.

Contractual payments schedule

Contractual principal repayments on borrowings are as follows:

	December 31, 2021	December 31, 2020
Less than 1 year	**$ -**	$ -
1 to 3 years	**287,594**	123,000
4 to 5 years	**-**	-
Over 5 years	**-**	-
	$ 287,594	$ 123,000

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

22. Borrowings, cont'd

Reconciliation of liabilities arising from financing activities, other than leases

	Leasehold Improvement Loans	Bank Credit Facilities	Deferred Financing Fees	**Total**
Balance as at January 1, 2020	$ 403	$ 138,000	$ (140)	$ 138,263
Net cash flows	(130)	(15,000)	(723)	(15,853)
Non-cash movements:				
Contribution to joint venture (Note 11)	(273)	-	-	(273)
Amortization	-	-	295	295
Balance as at December 31, 2020	-	123,000	(568)	122,432
Net cash flows	-	162,205	(414)	161,791
Non-cash movements:				
Amortization	-	-	312	312
Exchange differences	-	2,389	-	2,389
Balance as at December 31, 2021	**$ -**	**$ 287,594**	**$ (670)**	**$ 286,924**

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

23. 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, 2020	39,826,600	$ 509,646
Issued on exercise of options (Note 26)	426,856	14,150
Issued under the Dividend Reinvestment Plan	56,027	2,429
Issued for share-based compensation (Note 26)	150,354	6,984
Treasury shares reserved for share-based compensation (Note 26)	(147,062)	(8,923)
Release of treasury shares (Note 26)	116,342	5,580
Balance as at December 31, 2020	40,429,117	529,866
Issued on bought deal financing	2,783,000	164,771
Issued on exercise of options (Note 26)	480,296	16,296
Issued under the Dividend Reinvestment Plan	59,423	3,294
Issued for share-based compensation (Note 26)	506,716	26,971
Treasury shares reserved for share-based compensation (Note 26)	(458,613)	(30,786)
Shares issued on acquisition	172,115	8,362
Release of treasury shares (Note 26)	147,049	7,551
Balance as at December 31, 2021	**44,119,103**	**$ 726,325**

The 44,119,103 common shares as at December 31, 2021 are net of 707,148 treasury shares with a carrying value of $42,773 that are being held by the Company until vesting conditions are met (Note 26).

On October 4, 2021, the Company completed a $172,546 bought deal equity financing. A total of 2,783,000 common shares were sold pursuant to the Company's bought deal financing at a price of $62.00 per common share. In connection with this transaction, the Company incurred share issuance costs of $7,775, which have been recorded against share capital.

The Company has a Dividend Reinvestment Plan ("DRIP") for shareholders of the Company who are resident in Canada. Under the DRIP, participants may elect to automatically reinvest quarterly dividends into additional common shares of the Company.

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

23. Share Capital, cont'd

Pursuant to the DRIP, and in the case where common shares are issued from treasury, cash dividends are reinvested into additional shares of the Company at the weighted average market price of common shares for the five trading days immediately preceding the relevant dividend payment date, less a discount of 4%. In the case where common shares are purchased on the open market, cash dividends are reinvested into additional shares of the Company at the relevant average market price paid in respect of satisfying this reinvestment plan.

24. Contributed Surplus

		Amount
Balance as at January 1, 2020	$	24,447
Share-based compensation (Note 26)		15,398
Gain (loss) on sale of RSs and shares held in escrow		(13)
Shares issued on exercise of options (Note 26)		(2,162)
Release of treasury shares (Note 26)		(5,144)
Shares issued for share-based compensation (Note 26)		(2,098)
Balance as at December 31, 2020		30,428
Share-based compensation (Note 26)		23,938
Gain (loss) on sale of RSs and shares held in escrow		88
Shares issued on exercise of options (Note 26)		(2,482)
Release of treasury shares (Note 26)		(7,023)
Shares issued for share-based compensation (Note 26)		(2,585)
Balance as at December 31 2021	**$**	**42,364**

25. Accumulated Other Comprehensive Income (Loss)

		Currency Translation Reserve		FVOCI Investments Reserves		**Total**
Balance as at January 1, 2020	$	40,786	$	(541)	$	40,245
Currency translation differences		1,533		-		1,533
Change in fair value of FVOCI investments, net of tax		-		(987)		(987)
Balance as at December 31, 2020		42,319		(1,528)		40,791
Currency translation differences		(4,828)		-		(4,828)
Change in fair value of FVOCI investments, net of tax		-		2,476		2,476
Balance as at December 31, 2021	**$**	**37,491**	**$**	**948**	**$**	**38,439**

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

26. Share-based Compensation

The Company's share-based compensation expense, which includes the Executive Compensation Plan (Share Option Plan and Equity Compensation Plan), Long-Term Equity Incentive Plan, Deferred Compensation Plans (RS Plan and RSU Plan), DSU Plans and other share-based awards, was $38,570 (2020 - $26,063). The activity in the Company's share-based compensation plans is as follows:

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

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

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

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, 2020	1,579,283	$28.98
Granted	675,729	$46.65
Exercised	(426,856)	$28.08
Expired/Forfeited	(36,474)	$32.26
Balance as at December 31, 2020	1,791,682	$35.78
Granted	226,891	$58.95
Exercised	(480,296)	$28.78
Expired/Forfeited	(68,396)	$41.02
Balance as at December 31, 2021	**1,469,881**	**$41.39**

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

26. Share-based Compensation, cont'd

Information about the Company's share options outstanding and exercisable as at December 31, 2021 is as follows:

Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Number of Options Exercisable
\$19.67 - \$29.72	277,972	1.78 years	142,552
\$30.70 - \$37.93	367,430	1.78 years	176,689
\$45.11 - \$52.84	606,129	3.34 years	135,045
\$56.49 - \$65.67	218,350	4.28 years	-
\$41.39	**1,469,881**	**2.79 years**	**454,286**

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:

	2021	2020
Risk-free interest rate	0.77% - 0.78%	0.31% - 0.67%
Expected dividend yield	0.9% - 1.1%	1.1% - 1.3%
Expected volatility	30.11% - 32.92%	25.42% - 33.96%
Expected option life	3.00 - 4.50 years	3.00 - 4.50 years
Exercise price	\$56.49 - \$65.67	\$45.11 - \$52.84
Weighted average grant-date fair value per option	\$11.39 - \$15.38	\$7.19 - \$12.09

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

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

26. 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, 2020	126,096
Granted	7,007
Settled	(11,629)
Forfeited	(5,165)
Balance as at December 31, 2020	116,309
Settled	(61,946)
Forfeited	(2,520)
Balance as at December 31, 2021	**51,843**

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 2020	54,707
Settled in March 2021	111,845

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

	Number of PSUs
Granted in 2020	172,350
Granted in 2021	101,709

(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, 2021 (all unvested)	-
Granted	20,590
Settled	(263)
Balance as at December 31, 2021 (all unvested)	**20,327**

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

26. Share-based Compensation, cont'd

In 2021, the Company granted a total value of $2,157 under the LTIRS Plan and purchased 20,590 common shares in the open market (through the facilities of the TSX or by private agreement).

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

	Number of LTIRSUs
Balance as at January 1, 2021 (all unvested)	-
Granted	56,864
Settled	(1,080)
Forfeited	(2,632)
Balance as at December 31, 2021 (all unvested)	**53,152**

(iii) Deferred Compensation Plans

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

	Number of RSs
Balance as at January 1, 2020 (all unvested)	239,200
Granted	55,714
Settled	(95,542)
Forfeited	(4,718)
Balance as at December 31, 2020 (all unvested)	194,654
Granted	43,152
Settled	(54,492)
Forfeited	(3,334)
Balance as at December 31, 2021 (all unvested)	**179,980**

In connection with the 2020 performance year, the Company granted a total value of $4,191 under the RS Plan. In March 2021, the Company purchased 42,705 common shares in the open market (through the facilities of the TSX or by private agreement).

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

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

26. Share-based Compensation, cont'd

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

	Number of RSUs
Balance as at January 1, 2020 (all unvested)	327,591
Granted	84,102
Settled	(101,936)
Forfeited	(7,432)
Balance as at December 31, 2020 (all unvested)	302,325
Granted	81,060
Settled	(93,614)
Forfeited	(30,080)
Balance as at December 31, 2021 (all unvested)	**259,691**

(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, 2020	161,662
Granted	53,677
Redeemed	(41,503)
Balance as at December 31, 2020	173,836
Granted	21,165
Balance as at December 31, 2021	**195,001**

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

26. Share-based Compensation, cont'd

(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 PTA in December 2020, Finance Active in April 2021, StratoDem Analytics in May 2021, ArGil in August 2021 and Reonomy in November 2021:

	Number of common shares
Balance as at January 1, 2020	-
Granted	84,341
Balance as at December 31, 2020	84,341
Granted	394,871
Settled	(21,086)
Forfeited	(3,129)
Balance as at December 31, 2021	**454,997**

(vi) Compensation Expense by Plan

	Year ended December 31, 2021	Year ended December 31, 2020
Share Option Plan	**$ -**	$ 82
Equity Compensation Plan	**606**	1,331
Long-Term Equity Incentive Plan	**7,015**	8,789
LTIRS Plan	**576**	-
LTIRSU Plan (1)	**849**	-
RS Plan	**3,907**	5,006
RSU Plan (2)	**8,667**	7,434
DSU Plans (3)	**5,116**	3,231
Other share-based awards	**11,834**	190

(1) For the years ended December 31, 2021 and 2020, the Company recorded mark-to-market adjustments of $132 and $nil, respectively.

(2) For the years ended December 31, 2021 and 2020, the Company recorded mark-to-market adjustments of $5,162 and $3,657, respectively.

(3) For the years ended December 31, 2021 and 2020, the Company recorded mark-to-market adjustments of $3,446 and $1,876, respectively.

For the year ended December 31, 2020, included in compensation expense above is an amount related to the Geomatics discontinued operations totalling $292.

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

26. Share-based Compensation, cont'd

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

	December 31, 2021	December 31, 2020
LTIRSU Plan	$ 781	$ -
RSU Plan	14,729	11,412
DSU Plans	12,638	7,537

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

27. Earnings (Loss) per Share

Basic earnings (loss) per share is calculated by dividing profit (loss) by the weighted average number of common shares outstanding during the year.

The dilutive effect of share options, equity awards, PSUs and restricted shares is determined using the treasury stock method. For the purposes of the weighted average number of common shares outstanding, common shares are determined to be outstanding from the date they are issued.

For the year ended December 31, 2021, 218,350 share options and 20,498 restricted shares (including common shares issued in escrow as part of the LTIRS plan) were excluded from the diluted earnings (loss) per share calculations as the impact would have been anti-dilutive.

For the year ended December 31, 2020, 668,229 share options and 90,638 restricted shares (including common shares issued in escrow as part of the Equity Compensation Plan and Long-Term Equity Incentive Plan) were excluded from the diluted earnings (loss) per share calculations as the impact would have been anti-dilutive.

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

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

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

	Year ended December 31, 2021	Year ended December 31, 2020
Profit (loss) for the year from continuing operations - basic and diluted	$ 25,688	$ 27,009
Profit (loss) for the year from discontinued operations - basic and diluted	-	(5,576)
Profit (loss) for the year - basic and diluted	$ 25,688	$ 21,433
Weighted average number of common shares outstanding - basic	41,684,077	40,158,543
Dilutive effect of share options	429,048	392,449
Dilutive effect of equity awards and PSUs	421,555	410,462
Dilutive effect of restricted shares	364,436	247,612
Weighted average number of common shares outstanding - diluted	42,899,116	41,209,066
Earnings (loss) per share:		
Basic		
Continuing operations	$0.62	$0.67
Discontinued operations	$0.00	$(0.14)
Diluted		
Continuing operations	$0.60	$0.66
Discontinued operations	$0.00	$(0.14)

28. 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.

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

28. Dividends Payable, cont'd

A reconciliation of dividends payable is as follows:

		Dividends Payable
Balance as at January 1, 2020	$	6,029
Dividends paid		(21,859)
Non-cash movements:		
DRIP (Note 23)		(2,429)
Dividends declared		24,383
Balance as at December 31, 2020		6,124
Dividends paid		(21,564)
Non-cash movements:		
DRIP (Note 23)		(3,294)
Dividends declared		25,458
Balance as at December 31, 2021	**$**	**6,724**

29. 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 Plans payables, and contingent consideration payables), deferred consideration payables, and borrowings.

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

29. Financial Instruments and Fair Values, cont'd

Financial Instruments by Category

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

	December 31, 2021			December 31, 2020		
	FVPL	FVOCI	Amortized Cost	FVPL	FVOCI	Amortized Cost
Assets as per Consolidated Balance Sheet:						
Cash and cash equivalents	$ -	$ -	$ 51,271	$ -	$ -	$ 69,637
Trade receivables and other (excluding deferred costs to obtain customer contracts, and prepayments)	-	-	203,288	-	-	179,008
Investments in equity instruments	-	14,412	-	-	7,811	-
Investments in partnerships	6,394	-	-	2,545	-	-
Derivative financial instruments	21,529	-	-	11,277	-	-
	$ 27,923	$ 14,412	$ 254,559	$ 13,822	$ 7,811	$ 248,645

	December 31, 2021		December 31, 2020	
	FVPL	Amortized Cost	FVPL	Amortized Cost
Liabilities as per Consolidated Balance Sheet:				
Trade payables and other (excluding contract liabilities, LTIRSU Plan, RSU Plan and DSU Plans payables, deferred consideration payables and contingent consideration payables)	$ -	$ 110,051	$ -	$ 95,472
Deferred consideration payables	6,668	-	47	-
Contingent consideration payables	179	-	-	-
Borrowings	-	286,924	-	122,432
	$ 6,847	$ 396,975	$ 47	$ 217,904

29. Financial Instruments and Fair Values, cont'd

Cash and cash equivalents, trade receivables and other (excluding deferred costs to obtain customer contracts, contract assets, and prepayments) due within one year, and trade payables and other (excluding contract liabilities, 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.

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

Fair Values

Fair value measurements recognized in the consolidated balance sheets are classified in accordance with the fair value hierarchy established by IFRS 13, *Fair Value Measurement*, which reflects the significance of the inputs used in determining the measurements. The inputs can be either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect an entity's pricing based upon its own market assumptions.

The tables below present financial instruments that are measured at fair value. The different levels in the hierarchy have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the asset or liability that are not based on observable market data.

The fair value of financial instruments traded in active markets is based on quoted market prices at each balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

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

29. Financial Instruments and Fair Values, cont'd

If one or more of the significant inputs are not based on observable market data, the instrument is included in Level 3.

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

				December 31, 2021
	Level 1	Level 2	Level 3	**Total**
Assets:				
Investments in equity instruments	$ 4,303	$ -	$ 10,109	**$ 14,412**
Investments in partnerships	-	-	6,394	**6,394**
Derivative financial instruments	-	21,529	-	**21,529**
Liabilities:				
Borrowings	-	287,594	-	**287,594**
Deferred consideration payables	-	6,668	-	**6,668**
Contingent consideration payables	-	-	179	**179**

				December 31, 2020
	Level 1	Level 2	Level 3	Total
Assets:				
Investments in equity instruments	$ -	$ -	$ 7,811	$ 7,811
Investments in partnerships	-	-	2,545	2,545
Derivative financial instruments	-	11,277	-	11,277
Liabilities:				
Borrowings	-	123,000	-	123,000
Contingent consideration payables	-	-	47	47

For the year ended December 31, 2021, there was a transfer within investments in equity instruments from Level 3 to Level 1 in the hierarchy due to the completion of the initial public offering of Procore Technologies Inc., which is now listed on the New York Stock Exchange.

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.

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

29. Financial Instruments and Fair Values, cont'd

The investments in equity instruments, investments in partnerships and contingent consideration payables are recorded in Level 3 as the amounts are not based on observable inputs. Contingent consideration payables are measured using a discounted cash flow analysis of expected cash flows in future periods. The investments in equity instruments are measured based on valuations of the entity. Investments in partnerships are measured in relation to the fair value of assets reported in the respective partnerships.

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

		Contingent Consideration Payables (Discounted)
Balance as at January 1, 2020	$	7,667
Changes in expected payment recorded through profit or loss		(1,176)
Unwinding of discount (Note 9)		102
Settlements		(6,639)
Exchange differences		93
Balance as at December 31, 2020		47
Contingent arrangements entered into during the year		173
Unwinding of discount		6
Settlements		(47)
Balance as at December 31, 2021	**$**	**179**

A 1% increase or decrease in the discount rate could decrease or increase the Company's determination of fair value by approximately $5 as at December 31, 2021 (December 31, 2020 - $nil).

The estimated contractual amount of contingent consideration payables as at December 31, 2021 was $200 (December 31, 2020 - $47), net of a discount of $21 (December 31, 2020 - $nil).

Financial Risk Management Objectives and Policies

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

The Company does not enter into derivative financial instruments for speculative purposes.

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

29. Financial Instruments and Fair Values, cont'd

(a) Market Risk

Interest rate risk
The Company is exposed to interest rate risk in the event of fluctuations in the Canadian Prime rates, Canadian Bankers' Acceptance rates, U.S. Base rates or LIBOR rates as the interest rates on the revolving term facility fluctuate with changes in these rates.

The Company monitors its interest rate exposure and its hedging strategy on an ongoing basis.

Fluctuations in interest rates will impact profit or loss. For the year ended December 31, 2021, every 1% increase or decrease in the revolving term facility interest rate results in a corresponding $2,290 decrease or increase in the Company's profit (loss) (2020 - $1,299).

Currency risk
The Company has operations in Canada, the U.S., Europe and Asia Pacific and, therefore, has exposure to currency risk. There is exposure to foreign exchange fluctuations on transactions between the Company's entities and upon the consolidation of the Company's foreign subsidiaries. Assets and liabilities of foreign subsidiaries are translated at the period-end exchange rate and, therefore, have varying values from exchange rate fluctuations.

The statements of comprehensive income (loss) of the foreign subsidiaries are translated into Canadian dollars using the period's average exchange rate and, accordingly, exchange rate fluctuations impact the Company's revenues and profit (loss), denominated in Canadian dollars.

In order to limit some of its foreign exchange exposure, the Company periodically enters into currency forward contracts.

The Company monitors its foreign exchange exposure and its hedging strategy on an ongoing basis.

The following table summarizes the effect of a 10% strengthening of the Canadian dollar on the Company's profit (loss) as a result of translating the statements of comprehensive income (loss) of foreign subsidiaries, assuming all other variables remain unchanged:

	Year ended December 31, 2021	Year ended December 31, 2020
U.S.	**$ (351)**	$ (2,052)
Europe	**(1,822)**	(1,119)
Australia	**63**	2
Asia	**60**	106

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

29. Financial Instruments and Fair Values, cont'd

A 10% weakening of the Canadian dollar would have an equal but opposite effect, assuming all other variables remain unchanged.

Price risk
The Company is exposed to price risk because the liabilities for cash-settled RSU and DSU plans are classified as FVPL, and linked to the price of the Company's common shares. If the market price of the Company's common shares increases by 5% with all other variables held constant, the impact on profit (loss) would be a decrease of $1,407 (2020 - $947). A 5% decrease in the market price of the Company's common shares would have an equal but opposite effect on profit (loss), assuming all other variables remain unchanged.

In order to limit price risk exposure, the Company entered into equity derivatives. Changes in the fair value of these equity derivatives offset the impact of mark-to-market adjustments that are accrued. The notional amount outstanding on these equity derivatives as at December 31, 2021 was $14,739 (December 31, 2020 - $12,194) (Note 14).

(b) Credit Risk

The Company is exposed to credit risk with respect to its cash and cash equivalents, trade receivables and other and derivative financial instruments. Credit risk is not concentrated with any particular customer. In certain parts of the Company's business, it is often common business practice to pay invoices over an extended period of time and/or at the completion of the project or on receipt of funds. In addition, the COVID-19 pandemic has introduced additional credit risk. The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets for unbilled revenue on customer contracts. To measure the expected credit losses, trade receivables and contract assets for unbilled revenue on customer contracts have been grouped based on shared credit risk characteristics and the days past due, and incorporate forward-looking information. The loss allowance provision as at December 31, 2021 is determined as follows:

				December 31, 2021
	0 to 120 days past due	121 to 365 days past due	More than 365 days past due	**Total**
Expected loss rate	2.20%	36.24%	99.59%	**9.42%**
Gross carrying amount	$189,313	$21,733	$8,686	**$219,732**
Loss allowance provision	$(4,174)	$(7,876)	$(8,650)	**$(20,700)**

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

29. Financial Instruments and Fair Values, cont'd

Changes in the gross carrying amount of trade receivables and contract assets for unbilled revenue on customer contracts contributed to the changes in the loss allowance provision. The gross carrying amount was impacted by revenue recognized and amounts invoiced, offset by cash collections and amounts written off as not recoverable or uncollectible. Expected loss rates are determined on a portfolio basis. The expected loss rate for the Company will differ based on the contribution of balances by portfolio and age of those balances. For the year ended December 31, 2021, no significant changes were made to the expected loss rates on a portfolio basis. However, the Company recorded additional provisions on certain of its trade receivable and unbilled revenue balances to reflect credit risk introduced by COVID-19 for customers in the oil and gas, hospitality, utilities and retail industries.

The loss allowance provision for trade receivables and contract assets for unbilled revenue on customer contracts as at December 31, 2021 reconciles to the opening loss allowance provision as follows:

		December 31, 2021
As at January 1, 2020	$	12,288
Net charges during the year		13,990
Amounts written off during the year as not recoverable or uncollectible		(8,688)
Exchange differences		(51)
As at December 31, 2020		17,539
Net charges during the year		10,090
Amounts written off during the year as not recoverable or uncollectible		(6,787)
Exchange differences		(142)
As at December 31, 2021	**$**	**20,700**

The movement of the loss allowance provision has been included in office and other operating expenses in the consolidated statements of comprehensive income (loss). In the event that the collectability of future trade receivables is in question, an adjustment is made to the corresponding contract assets for unbilled revenue on customer contracts. In addition, contract assets for unbilled revenue on customer contracts are assessed for impairment under IFRS 9. Amounts charged to the provision are generally written off when there are no expectations of recovering additional cash. The Company's maximum exposure to credit risk at the reporting date, assuming no mitigating factors, is the carrying value of its cash and cash equivalents, trade receivables and other and derivative financial instruments. The Company does not hold any collateral as security.

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

29. Financial Instruments and Fair Values, cont'd

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk through the management of its capital structure and financial leverage. It also manages liquidity risk by continuously monitoring actual and projected cash flows, taking into account the seasonality of the Company's revenues and cash receipts, and the maturity profile of its financial assets and liabilities. The Board of Directors reviews and approves the Company's operating and capital budgets, as well as any material transactions outside the ordinary course of business, including proposals on mergers, acquisitions or other major investments.

Management believes that funds generated by operating activities and available through its amended bank credit facilities will allow the Company to satisfy its requirements for the purposes of working capital, investments and debt repayments.

The table below summarizes the contractual undiscounted cash flows related to the Company's financial liabilities into relevant maturity groupings based on the remaining period as at the consolidated balance sheet date to the contractual maturity date.

							December 31, 2021
	Carrying amount	Contractual cash flows	Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years	**Total**
Trade payables and other (excluding contract liabilities, RSU Plan, LTIRSU Plan and DSU Plans payables and contingent consideration payables)	$ 110,051	$ 110,054	$ 109,121	$ 373	$ 72	$ 488	$ 110,054
RSU Plan, LTIRSU Plan and DSU Plans payables	28,148	28,148	7,818	6,562	1,130	12,638	28,148
Deferred consideration payables	6,668	6,921	3,461	3,460	-	-	6,921
Contingent consideration payables	179	200	-	200	-	-	200
Borrowings	286,924	287,594	-	287,594	-	-	287,594
Lease liabilities	71,139	77,185	15,667	29,455	17,592	14,471	77,185
	$ 503,109	**$ 510,102**	**$ 136,067**	**$ 327,644**	**$ 18,794**	**$ 27,597**	**$ 510,102**

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

30. Capital Management

The Company's objective in managing capital is to ensure that adequate resources are available to fund organic growth and to enable it to undertake strategic acquisitions while continuing as a going concern. The Company's capital is composed of borrowings and shareholders' equity.

Operating cash flows are used to provide sustainable cash dividends to shareholders and fund capital expenditures in support of organic growth. In addition, operating cash flows, supplemented throughout the year with the revolving term facility, are used to fund working capital requirements.

The revolving term facility and equity are used to finance strategic acquisitions. Additionally, vendors of acquired businesses typically receive a portion of the consideration in the form of the Company's common shares.

The Company's capitalization is summarized in the following chart:

	December 31, 2021	December 31, 2020
Borrowings (Note 22)	$ 286,924	$ 122,432
Less: cash on hand (Note 12)	(49,536)	(69,637)
Net debt	237,388	52,795
Shareholders' equity	589,363	383,449
Total capitalization	$ 826,751	$ 436,244

The Company monitors certain financial covenants on a trailing 12-month basis in line with its amended bank credit facilities (Note 22).

As at December 31, 2021, the Company is in compliance with the financial covenants of its bank credit facilities.

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

31. Commitments and Contingencies

The Company has the following commitments relating to future minimum payments for contractual obligations that are not recognized as liabilities as at December 31, 2021:

	December 31, 2021	December 31, 2020
No later than 1 year	$ 10,694	$ 4,805
Later than 1 year and no later than 5 years	21,477	3,966
Later than 5 years	7,166	-
Total	$ 39,337	$ 8,771

The future aggregate minimum sublease payments to be received under non-cancellable subleases as at December 31, 2021 were $177 (December 31, 2020 - $172).

As at December 31, 2021, the Company provided letters of credit of approximately $1,485 to its lessors (December 31, 2020 - $1,089).

As at December 31, 2021, the Company has guaranteed up to $1,500 in connection with vehicle leases and related services entered into by GeoVerra (December 31, 2020 - $1,500).

As at December 31, 2021, the Company has committed to aggregate capital contributions of $4,847 (Note 15) to certain partnerships (December 31, 2020 - $418).

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 consolidated 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.

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

32. Related Party Transactions

Key Management Compensation

Key management includes the Board of Directors, officers and business unit presidents. The compensation paid or payable to key management for services is shown below:

	Year ended December 31, 2021	Year ended December 31, 2020
Salaries and other short-term benefits	$ 10,674	$ 9,226
Termination benefits	1,121	1,777
Share-based payments (1)	9,245	9,742
	$ 21,040	$ 20,745

(1) Includes mark-to-market adjustments on share-based payments.

GeoVerra Joint Venture

The Company provides transitional administrative support services to GeoVerra, its joint venture (Note 16), as well as incurring costs for shared office space. During the year ended December 31, 2020, the Company recorded a net recovery of $231 for such services. As part of ongoing settlement of transactions related to the contribution of net assets into the joint venture, $3,074 (December 31, 2020 - $1,675) was included in trade receivables and other and $86 (December 31, 2020 - $329) was included in trade payables and other as at December 31, 2021. All related party transactions with GeoVerra were in the normal course of business and measured at the exchange amount.

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

32. Related Party Transactions, cont'd

Controlled Entities

Altus Group Limited is the ultimate parent company. In certain circumstances, the Company has control over entities in which it does not own more than 50% voting interest. In making this determination, the Company considers all relevant facts and circumstances in assessing whether it has power over the entity including rights arising from contractual arrangements that allow the Company to direct the relevant activities and be exposed to variable returns of the entity, among other considerations. The consolidated financial statements consolidate the Company and the subsidiaries listed in the following table:

Entity's Name	December 31, 2021
Altus Group Asia Pacific Limited	100%
Altus Group U.S. Inc.	100%
Altus Group (France) Holdings SAS	100%
Circle Software Acquisition Limited	100%
Argus Software (UK) Ltd.	100%
Circle Software International Limited (UK)	100%
Voyanta Limited (UK)	100%
Argus Software (Canada), Inc.	100%
Argus Software (Oceanic) Pty Ltd.	100%
Altus Group (UK) Limited	100%
2262070 Ontario Limited	100%
Altus Group Data Solutions Inc.	100%
Altus Group S.à.r.l.	100%
Altus Group (Vietnam) Limited	100%
Altus Group (India) Private Limited	100%
Altus Egypt LLC (1)	85%
Altus Group (Hong Kong) Limited	100%
Altus Group Consulting (Thailand) Company Limited	100%
Altus Group Management Holdings (Thailand) Company Limited	100%
Altus Group Services (Thailand) Company Limited	100%
Altus Group Construction Professionals (Thailand) Company Limited	100%
Altus Group Australia Pty Limited	100%
Altus Group (ACT) Pty Limited	100%
Altus Group Consulting Pty Limited	100%

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

32. Related Party Transactions, cont'd

Entity's Name	December 31, 2021
Altus Group Queensland Pty Limited	100%
Altus Group Cost Management Pty Limited	100%
Altus Group Bay Partnership Pty Limited	100%
Estate Master Group Holdings Pty Limited	100%
Estate Master Pty Limited	100%
Estate Master UK Limited	100%
Estate Master FZ LLC	100%
Altus Group II LLC	100%
Argus Software Inc.	100%
Argus Software (Asia) Pte. Ltd.	100%
One11 Advisors, LLC	100%
Altus UK LLP	100%
Altus Group (UK2) Limited	100%
R2G Limited	100%
Maxwell Brown Surveyors Group Limited	100%
Maxwell Brown Surveyors Limited	100%
Lambournes Holdings Limited	100%
Lambournes Trading Services Limited	100%
CVS (Commercial Valuers & Surveyors) Limited	100%
Taliance Group SAS	100%
Taliance, Inc.	100%
Taliance Limited	100%
Taliance Solutions Canada Inc.	100%
Altus Group (France) Holdings SAS	100%
F3AM SAS	100%
Finance Active SAS	100%
Finance Active SPRL	100%
Finance Active UK Limited	100%
Finance Active SRL	100%
Finance Active SàRL	100%
Finance Active GmbH	100%
Verifino GmbH & Co. KG	70%
Finance Active SARL	100%
Scryer, Inc. d/b/a Reonomy	100%

(1) An Egyptian national owns 15% of the remaining shares.

32. Related Party Transactions, cont'd

Altus Group Tax Consulting Paralegal Professional Corporation is an entity under control of the Company and has been consolidated in the Company's consolidated financial statements. The Company also has joint control, and 49.5% equity interest, in GeoVerra, which has been accounted for as a joint venture under the equity method.

33. Events After the Reporting Period

Leadership Transition

On February 3, 2022, the Company announced plans for the transition of its leadership team, including the promotion of Jim Hannon as the Company's next CEO effective April 1, 2022, succeeding Mike Gordon who will remain on the Company's Board of Directors. Concurrently, Jorge Blanco has been promoted to the role of President of the Company's Altus Analytics business segment and to the newly created role of Chief Commercial Officer effective April 1, 2022.

Normal Course Issuer Bid ("NCIB")

On February 3, 2022, the Company announced that the TSX had approved its notice of intention to enter into a NCIB. Pursuant to the NCIB, the Company may purchase for cancellation up to 1,345,142 of its outstanding common shares during the period from February 8, 2022 to February 7, 2023. The total number of common shares that the Company is permitted to purchase is subject to a daily purchase limit of 20,336 common shares, other than block purchase exemptions.

Altus Group

LISTINGS

Toronto Stock Exchange
Stock trading symbol: AIF

AUDITORS

ERNST & YOUNG LLP

TRANSFER AGENT

TSX Trust Company
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