

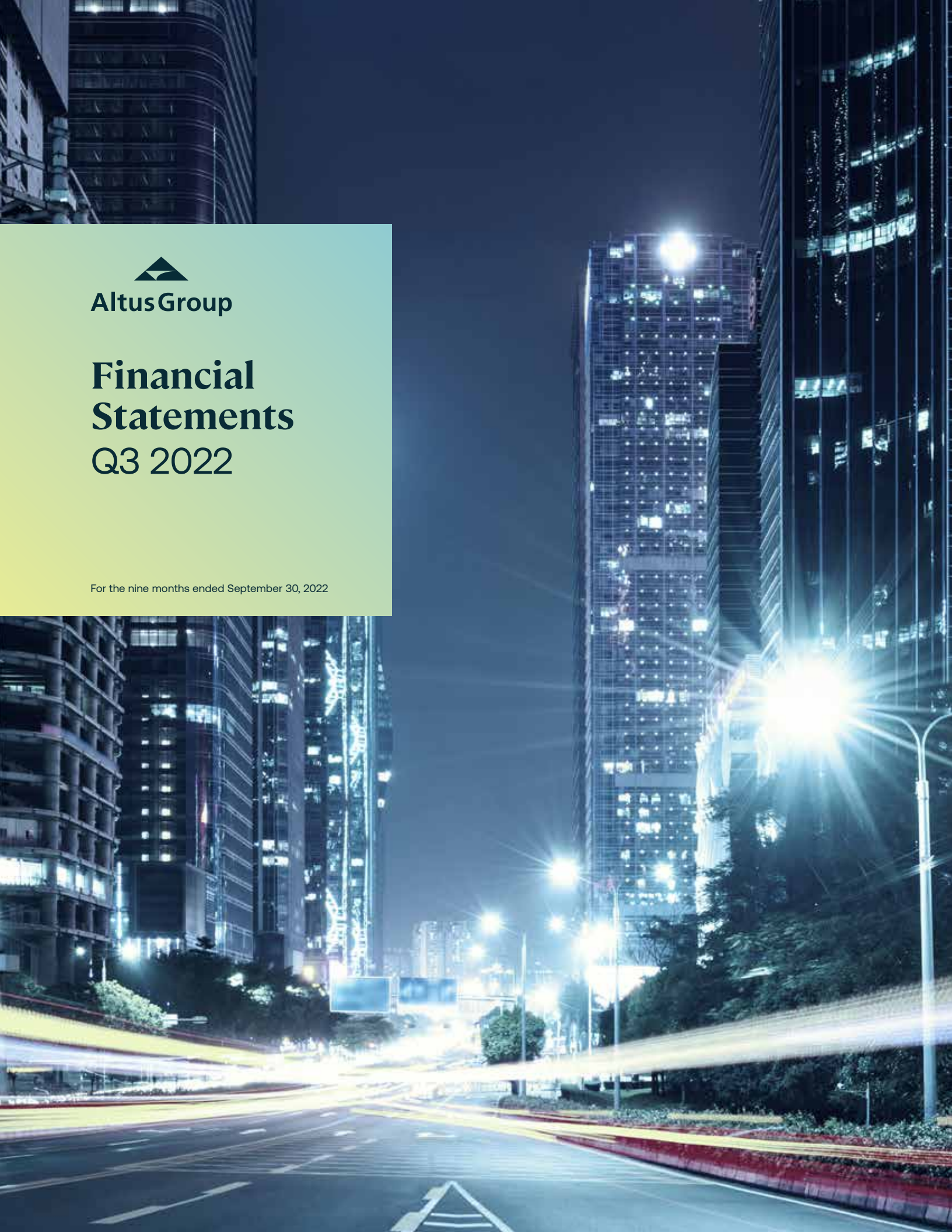


Altus Group

Financial Statements

Q3 2022

For the nine months ended September 30, 2022



Interim Condensed Consolidated Financial Statements
September 30, 2022 and 2021
(Unaudited)
(Expressed in Thousands of Canadian Dollars)

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Interim Condensed Consolidated Statements of Comprehensive Income (Loss) For the Three and Nine Months Ended September 30, 2022 and 2021 (Unaudited)

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

		Three months ended September 30		Nine months ended September 30	
	Notes	2022	2021	2022	2021
Revenues	6	\$ 177,691	\$ 151,797	\$ 551,689	\$ 462,478
Expenses					
Employee compensation		114,486	99,274	349,934	294,121
Occupancy		1,945	1,922	5,465	5,818
Office and other operating		34,208	36,041	115,352	90,769
Depreciation of right-of-use assets		2,873	3,100	9,137	8,910
Depreciation of property, plant and equipment		1,607	1,419	5,015	3,867
Amortization of intangibles		10,403	7,293	31,252	20,781
Acquisition and related transition costs (income)		439	1,032	4,721	8,112
Share of (profit) loss of joint venture		(1,082)	(927)	(2,227)	(442)
Restructuring costs (recovery)	11	8,045	32	21,895	253
(Gain) loss on investments		259	(1,336)	117	(1,839)
Finance costs (income), net - leases	7	490	552	1,450	1,704
Finance costs (income), net - other	7	(5,108)	1,297	(2,634)	2,808
Profit (loss) before income taxes		9,126	2,098	12,212	27,616
Income tax expense (recovery)	8	2,299	2,393	4,342	8,933
Profit (loss) for the period		\$ 6,827	\$ (295)	\$ 7,870	\$ 18,683
Profit (loss) for the period attributable to:					
Non-controlling interest		\$ -	\$ -	\$ (3)	\$ -
Shareholders of the Company		\$ 6,827	\$ (295)	\$ 7,873	\$ 18,683
Other comprehensive income (loss):					
Items that may be reclassified to profit or loss in subsequent periods:					
Currency translation differences		13,862	4,717	2,382	(3,425)
Items that are not reclassified to profit or loss in subsequent periods:					
Changes in investments measured at fair value through other comprehensive income, net of tax		2,138	173	(232)	2,272
Other comprehensive income (loss), net of tax		16,000	4,890	2,150	(1,153)
Total comprehensive income (loss) for the period, net of tax		\$ 22,827	\$ 4,595	\$ 10,020	\$ 17,530
Comprehensive income (loss) for the period, net of tax, attributable to:					
Non-controlling interest		\$ -	\$ -	\$ (3)	\$ -
Shareholders of the Company		\$ 22,827	\$ 4,595	\$ 10,023	\$ 17,530
Earnings (loss) per share attributable to the shareholders of the Company during the period					
Basic earnings (loss) per share	16	\$0.15	\$(0.01)	\$0.18	\$0.46
Diluted earnings (loss) per share	16	\$0.15	\$(0.01)	\$0.17	\$0.44

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

Interim Condensed Consolidated Balance Sheets As at September 30, 2022 and December 31, 2021 (Unaudited)

(Expressed in Thousands of Canadian Dollars)

	Notes	September 30, 2022	December 31, 2021
Assets			
Current assets			
Cash and cash equivalents		\$ 46,640	\$ 51,271
Trade receivables and other	9	233,061	223,315
Income taxes recoverable		8,214	3,280
Derivative financial instruments		1,158	5,868
Total current assets		289,073	283,734
Non-current assets			
Trade receivables and other	9	6,874	2,818
Derivative financial instruments		17,043	15,661
Investments	10	21,761	20,806
Investment in joint venture		18,723	16,496
Deferred tax assets		28,064	24,089
Right-of-use assets		41,434	59,992
Property, plant and equipment		20,762	21,624
Intangibles		292,214	286,670
Goodwill		491,508	467,310
Total non-current assets		938,383	915,466
Total Assets		\$ 1,227,456	\$ 1,199,200
Liabilities			
Current liabilities			
Trade payables and other	11	\$ 204,516	\$ 193,388
Income taxes payable		2,482	2,629
Lease liabilities		15,026	13,914
Total current liabilities		222,024	209,931
Non-current liabilities			
Trade payables and other	11	21,258	24,913
Lease liabilities		49,212	57,225
Borrowings	12	321,919	286,924
Deferred tax liabilities		34,528	27,864
Non-controlling interest		-	2,980
Total non-current liabilities		426,917	399,906
Total Liabilities		648,941	609,837
Shareholders' Equity			
Share capital	14	739,534	726,325
Contributed surplus		28,361	42,364
Accumulated other comprehensive income (loss)		40,589	38,439
Other equity		-	(244)
Retained earnings (deficit)		(229,969)	(217,406)
Equity attributable to the shareholders of the Company		578,515	589,478
Non-controlling interest		-	(115)
Total Shareholders' Equity		578,515	589,363
Total Liabilities and Shareholders' Equity		\$ 1,227,456	\$ 1,199,200

The accompanying notes are an integral part of these interim condensed consolidated financial statements.
Commitments and Contingencies (Note 19)

Interim Condensed Consolidated Statements of Changes in Equity For the Nine Months Ended September 30, 2022 and 2021 (Unaudited)

(Expressed in Thousands of Canadian Dollars)

	Notes	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Other Equity	Retained Earnings (Deficit)	Total	Non-controlling Interest	Total Shareholders' Equity
As at January 1, 2021		\$ 529,866	\$ 30,428	\$ 40,791	\$ -	\$ (217,636)	\$ 383,449	\$ -	\$ 383,449
Profit (loss) for the period		-	-	-	-	18,683	18,683	-	18,683
Other comprehensive income (loss), net of tax:									
Currency translation differences		-	-	(3,425)	-	-	(3,425)	-	(3,425)
Changes in investments measured at fair value through other comprehensive income		-	-	2,272	-	-	2,272	-	2,272
Total comprehensive income (loss) for the period		-	-	(1,153)	-	18,683	17,530	-	17,530
Transactions with owners:									
Dividends declared		-	-	-	-	(18,734)	(18,734)	-	(18,734)
Share-based compensation		-	16,596	-	-	-	16,596	-	16,596
Dividend Reinvestment Plan		2,600	-	-	-	-	2,600	-	2,600
Shares issued on exercise of options		14,094	(2,144)	-	-	-	11,950	-	11,950
Shares issued for share-based compensation		23,171	(2,585)	-	-	-	20,586	-	20,586
Treasury shares reserved for share-based compensation		(26,811)	-	-	-	-	(26,811)	-	(26,811)
Shares issued on acquisition		8,362	-	-	-	-	8,362	-	8,362
Release of treasury shares		4,963	(4,689)	-	-	-	274	-	274
Gain (loss) on sale of RSs and shares held in escrow		-	75	-	-	-	75	-	75
Total		26,379	7,253	-	-	(18,734)	14,898	-	14,898
As at September 30, 2021		\$ 556,245	\$ 37,681	\$ 39,638	\$ -	\$ (217,687)	\$ 415,877	\$ -	\$ 415,877
As at January 1, 2022		\$ 726,325	\$ 42,364	\$ 38,439	\$ (244)	\$ (217,406)	\$ 589,478	\$ (115)	\$ 589,363
Profit (loss) for the period		-	-	-	-	7,873	7,873	(3)	7,870
Other comprehensive income (loss), net of tax:									
Currency translation differences		-	-	2,382	-	-	2,382	-	2,382
Changes in investments measured at fair value through other comprehensive income		-	-	(232)	-	-	(232)	-	(232)
Total comprehensive income (loss) for the period		-	-	2,150	-	7,873	10,023	(3)	10,020
Change in fair value of non-controlling interest liability		-	-	-	258	-	258	-	258
Purchase of subsidiary shares from non-controlling interest	13	-	-	-	(14)	(104)	(118)	118	-
Share repurchase commitment under the automatic share purchase plan	14	-	(15,000)	-	-	-	(15,000)	-	(15,000)
Transactions with owners:									
Dividends declared	17	-	-	-	-	(20,332)	(20,332)	-	(20,332)
Share-based compensation	15	-	21,113	-	-	-	21,113	-	21,113
Dividend Reinvestment Plan	14	1,847	-	-	-	-	1,847	-	1,847
Shares issued on exercise of options	14, 15	4,605	(684)	-	-	-	3,921	-	3,921
Shares issued for share-based compensation	14, 15	11,364	(3,264)	-	-	-	8,100	-	8,100
Treasury shares reserved for share-based compensation	14, 15	(12,859)	-	-	-	-	(12,859)	-	(12,859)
Release of treasury shares	14, 15	18,408	(16,104)	-	-	-	2,304	-	2,304
Cancellation of shares	14	(10,156)	-	-	-	-	(10,156)	-	(10,156)
Gain (loss) on sale of RSs and shares held in escrow		-	(64)	-	-	-	(64)	-	(64)
Total		13,209	(14,003)	-	244	(20,436)	(20,986)	118	(20,868)
As at September 30, 2022		\$ 739,534	\$ 28,361	\$ 40,589	\$ -	\$ (229,969)	\$ 578,515	\$ -	\$ 578,515

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

Interim Condensed Consolidated Statements of Cash Flows For the Nine Months Ended September 30, 2022 and 2021 (Unaudited)

(Expressed in Thousands of Canadian Dollars)

		Nine months ended September 30	
	Notes	2022	2021
Cash flows from operating activities			
Profit (loss) before income taxes		\$ 12,212	\$ 27,616
Adjustments for:			
Depreciation of right-of-use assets		9,137	8,910
Depreciation of property, plant and equipment		5,015	3,867
Amortization of intangibles		31,252	20,781
Finance costs (income), net - leases	7	1,450	1,704
Finance costs (income), net - other	7	(2,634)	2,808
Share-based compensation	15	21,113	16,596
Unrealized foreign exchange (gain) loss		(2,033)	1,249
(Gain) loss on investments		117	(1,839)
(Gain) loss on disposal of right-of-use assets, property, plant and equipment and intangibles		-	(248)
(Gain) loss on equity derivatives		13,580	(5,515)
Share of (profit) loss of joint venture		(2,227)	(442)
Impairment of right-of-use assets	11	7,526	-
Net changes in:			
Operating working capital		(11,468)	(28,946)
Liabilities for cash-settled share-based compensation		(10,538)	4,080
Deferred consideration payables		(3,644)	10,844
Contingent consideration payables		3,009	127
Net cash generated by (used in) operations		71,867	61,592
Less: interest paid on borrowings		(7,279)	(2,313)
Less: interest paid on leases		(1,450)	(1,704)
Less: income taxes paid		(14,647)	(14,834)
Add: income taxes refunded		1,129	2,794
Net cash provided by (used in) operating activities		49,620	45,535
Cash flows from financing activities			
Proceeds from exercise of options	14, 15	3,921	11,950
Financing fees paid		(1,896)	(136)
Proceeds from borrowings	12	74,500	148,113
Repayment of borrowings	12	(39,935)	(22,606)
Payments of principal on lease liabilities		(10,505)	(8,671)
Dividends paid	17	(18,415)	(15,971)
Treasury shares purchased for share-based compensation	14, 15	(4,617)	(6,150)
Cancellation of shares		(8,058)	-
Net cash provided by (used in) financing activities		(5,005)	106,529
Cash flows from investing activities			
Purchase of investments	10	(675)	(3,512)
Purchase of intangibles		(12,545)	(3,208)
Purchase of property, plant and equipment		(3,650)	(3,374)
Proceeds from investment	10	22	307
Acquisitions, net of cash acquired		(29,853)	(143,850)
Net cash provided by (used in) investing activities		(46,701)	(153,637)
Effect of foreign currency translation		(2,545)	(1,696)
Net increase (decrease) in cash and cash equivalents		(4,631)	(3,269)
Cash and cash equivalents, beginning of period		51,271	69,637
Cash and cash equivalents, end of period		\$ 46,640	\$ 66,368

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

Notes to Interim Condensed Consolidated Financial Statements

September 30, 2022 and 2021

(Unaudited)

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

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 industry 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 approximately 2,700 employees across North America, EMEA, and Asia Pacific.

The Company conducts 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

These interim condensed consolidated financial statements (“interim financial statements”) as at and for the period ended September 30, 2022 follow the same accounting policies and methods of their application as those used in the Company’s most recent audited annual consolidated financial statements as at and for the year ended December 31, 2021.

These interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*. Accordingly, they do not include all of the information and disclosures required in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), and should be read in conjunction with the Company’s audited annual consolidated financial statements as at and for the year ended December 31, 2021.

These interim financial statements were approved by the Board of Directors for issue on November 10, 2022.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2022 and 2021 (Unaudited)

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

3. Changes in Significant Accounting Policies and Estimates

Adoption of Recent Accounting Pronouncements

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

In May 2020, the International Accounting Standards Board (“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 is effective for annual periods beginning on or after January 1, 2022 and is applied to contracts that have unfulfilled obligations as at the beginning of that period. The amendment did not have a material impact on the interim financial statements.

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 is applied prospectively. The amendment did not have a material impact on the interim financial statements.

4. Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions concerning the future. It also requires management to exercise judgment in applying the Company’s accounting policies and the reported amounts of assets and liabilities, revenue and expenses, and related disclosures. Estimates and judgments are continually evaluated and are based on current facts, historical experience, and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. The significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those described in the most recent annual financial statements.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2022 and 2021 (Unaudited)

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

4. Critical Accounting Estimates and Judgments, cont'd

In March 2020, the World Health Organization declared COVID-19 a global pandemic. The Company continues to monitor the ongoing impact of the COVID-19 pandemic on its business, employees, customers, and suppliers. The continued spread of this contagious disease outbreak and related public health developments has adversely affected workforces, economies, and financial markets globally, leading to economic uncertainty and 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 interim financial statements reflect management's best estimates as of the period end, taking into consideration the most significant judgments that may be directly impacted by COVID-19. The significant estimates and assumptions that could be impacted most by COVID-19 are the same as those described in the most recent annual financial statements.

5. Acquisitions

Acquisition of Rethink Solutions Inc.

On May 1, 2022, the Company acquired all of the issued and outstanding shares of Rethink Solutions Inc. ("Rethink Solutions") for \$40,641, subject to adjustments. On closing, the Company paid a total of \$28,641 in cash, net of working capital adjustments, funded by drawing on its credit facilities. As part of the acquisition, the Company entered into non-competition and non-solicitation agreements with the selling shareholders. In addition, the Company issued 181,892 common shares, valued at \$9,000 from treasury, to certain selling shareholders who are continuing as employees of Rethink Solutions following the acquisition. The common shares are held in escrow and will vest and be released subject to continued employment, compliance with certain terms and conditions, and certain performance targets being achieved over a three-year period beginning two months after the closing date. The purchase agreement also provides for contingent consideration of \$3,000 subject to certain performance targets being achieved by the third anniversary of the closing date. Based in Canada, Rethink Solutions' team has integrated into the Company's Property Tax business.

For accounting purposes, the 181,892 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.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2022 and 2021 (Unaudited)

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

5. Acquisitions, cont'd

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

	Rethink Solutions	
Acquisition-related costs (included in acquisition and related transition costs (income) in the interim condensed consolidated statements of comprehensive income (loss))	\$	1,035
Consideration:		
Cash (including working capital payable)	\$	28,641
Common shares		9,000
Contingent consideration		3,000
Total consideration		40,641
Less: common shares subject to be recognized as employee compensation expense		(8,100)
Less: discount on shares		(900)
Consideration transferred for acquired business		31,641
Recognized amounts of identifiable assets acquired and liabilities assumed:		
Cash and cash equivalents		1,590
Trade receivables and other		162
Property, plant and equipment		272
Right-of-use assets		399
Intangibles		19,600
Trade payables and other		(1,964)
Lease liabilities		(399)
Deferred taxes, net		(5,168)
Total identifiable net assets of acquired business		14,492
Goodwill	\$	17,149
Goodwill and intangibles expected to be deductible for tax purposes	\$	-

Notes to Interim Condensed Consolidated Financial Statements September 30, 2022 and 2021 (Unaudited)

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

5. Acquisitions, cont'd

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:

	Rethink Solutions	
Finite-life assets		
Brands of acquired business	\$	1,300
Customer lists		3,600
Custom application software		14,700
Total acquired intangibles	\$	19,600

6. Segmented Information

The segmentation reflects the way the Chief Executive Officer ("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.

Adjusted EBITDA represents profit (loss) adjusted for the effects of: profit (loss) from discontinued operations, occupancy costs calculated on a similar basis prior to the adoption of IFRS 16, finance costs (income), net - other, depreciation of property, plant and equipment and amortization of intangibles, depreciation of right-of-use assets, finance costs (income), net - leases, acquisition and related transition costs (income), unrealized foreign exchange (gains) losses, (gains) losses on disposal of right-of-use assets, property, plant and equipment and intangibles, share of (profit) loss of joint venture, impairment charges, non-cash share-based compensation costs, (gains) losses on equity derivatives net of mark-to-market adjustments on related restricted share units ("RSUs") and deferred share units ("DSUs") being hedged, (gains) losses on derivatives, restructuring costs (recovery), (gains) losses on investments, (gains) losses on hedging transactions, other costs or income of a non-operating and/or non-recurring nature, and income tax expense (recovery).

Notes to Interim Condensed Consolidated Financial Statements September 30, 2022 and 2021 (Unaudited)

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

6. Segmented Information, cont'd

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

	Three months ended		Nine months ended	
	September 30		September 30	
	2022	2021	2022	2021
Adjusted EBITDA	\$ 32,910	\$ 24,415	\$ 100,394	\$ 83,894
Occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 ⁽¹⁾	2,868	3,294	9,088	9,722
Depreciation of right-of-use assets	(2,873)	(3,100)	(9,137)	(8,910)
Depreciation of property, plant and equipment and amortization of intangibles	(12,010)	(8,712)	(36,267)	(24,648)
Acquisition and related transition (costs) income	(439)	(1,032)	(4,721)	(8,112)
Unrealized foreign exchange gain (loss) ⁽²⁾	1,740	(507)	2,033	(1,249)
Gain (loss) on disposal of right-of-use assets, property, plant and equipment and intangibles ⁽²⁾	(13)	5	-	248
Share of profit (loss) of joint venture	1,082	927	2,227	442
Non-cash share-based compensation costs ⁽³⁾	(7,217)	(5,865)	(17,421)	(13,277)
Gain (loss) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged ⁽³⁾	(150)	829	(4,371)	1,005
Restructuring (costs) recovery	(8,045)	(32)	(21,895)	(253)
Gain (loss) on investments ⁽⁴⁾	(259)	1,336	(117)	1,839
Other non-operating and/or non-recurring income (costs) ⁽⁵⁾	(3,086)	(7,611)	(8,785)	(8,573)
Earnings (loss) before finance costs and income taxes	4,508	3,947	11,028	32,128
Finance (costs) income, net - leases	(490)	(552)	(1,450)	(1,704)
Finance (costs) income, net - other	5,108	(1,297)	2,634	(2,808)
Profit (loss) before income taxes	9,126	2,098	12,212	27,616
Income tax (expense) recovery	(2,299)	(2,393)	(4,342)	(8,933)
Profit (loss) for the period	\$ 6,827	\$ (295)	\$ 7,870	\$ 18,683

⁽¹⁾ Management uses the non-GAAP occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 when analyzing financial and operating performance.

⁽²⁾ Included in office and other operating expenses in the interim condensed consolidated statements of comprehensive income (loss).

⁽³⁾ Included in employee compensation expenses in the interim condensed consolidated statements of comprehensive income (loss).

⁽⁴⁾ Gain (loss) on investments relates to changes in the fair value of investments in partnerships.

⁽⁵⁾ Other non-operating and/or non-recurring income (costs) for the three and nine months ended September 30, 2022 relate to legal, advisory, and other consulting costs related to organizational and strategic initiatives, including those related to the transition of certain members of the leadership team. For the three and nine months ended September 30, 2021, other non-operating and/or non-recurring income (costs) 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. These are included in office and other operating expenses in the interim condensed consolidated statements of comprehensive income (loss).

Notes to Interim Condensed Consolidated Financial Statements September 30, 2022 and 2021 (Unaudited)

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

6. Segmented Information, cont'd

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

Segment Revenues and Expenditures

	Three months ended September 30, 2022						
	Altus Analytics	Commercial Property Tax	Real Estate Valuation and Cost Advisory	Consulting Total	Corporate ⁽¹⁾	Eliminations	Total
Revenues from external customers	\$ 87,376	\$ 60,742	\$ 29,573	\$ 90,315	\$ -	\$ -	\$ 177,691
Inter-segment revenues	223	-	(47)	(47)	-	(176)	-
Total segment revenues	87,599	60,742	29,526	90,268	-	(176)	177,691
Adjusted EBITDA	20,917	17,763	4,099	21,862	(9,869)	-	32,910
Depreciation of right-of-use assets	1,524	577	564	1,141	208	-	2,873
Depreciation of property, plant and equipment and amortization of intangibles	7,301	3,481	410	3,891	818	-	12,010
Finance costs (income), net - leases	94	113	84	197	199	-	490
Finance costs (income), net - other	-	-	-	-	(5,108)	-	(5,108)
Income tax expense (recovery)	-	-	-	-	2,299	-	2,299

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

Notes to Interim Condensed Consolidated Financial Statements September 30, 2022 and 2021 (Unaudited)

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

6. Segmented Information, cont'd

	Three months ended September 30, 2021						
	Altus Analytics	Commercial Real Estate	Valuation and Cost Advisory	Consulting	Corporate ⁽¹⁾	Eliminations	Total
		Property Tax		Total			
Revenues from external customers	\$ 64,963	\$ 58,488	\$ 28,346	\$ 86,834	\$ -	\$ -	\$ 151,797
Inter-segment revenues	138	-	(63)	(63)	-	(75)	-
Total segment revenues	65,101	58,488	28,283	86,771	-	(75)	151,797
Adjusted EBITDA	11,728	18,596	3,882	22,478	(9,791)	-	24,415
Depreciation of right-of-use assets	1,592	747	610	1,357	151	-	3,100
Depreciation of property, plant and equipment and amortization of intangibles	4,803	3,319	371	3,690	219	-	8,712
Finance costs (income), net - leases	121	172	116	288	143	-	552
Finance costs (income), net - other	-	-	-	-	1,297	-	1,297
Income tax expense (recovery)	-	-	-	-	2,393	-	2,393

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

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

6. Segmented Information, cont'd

	Nine months ended September 30, 2022						
	Altus Analytics	Commercial Real Estate	Consulting	Corporate ⁽¹⁾	Eliminations	Total	
		Property Tax	Valuation and Cost Advisory	Total			
Revenues from external customers	\$ 249,342	\$ 212,753	\$ 89,594	\$ 302,347	\$ -	\$ -	\$ 551,689
Inter-segment revenues	700	-	(174)	(174)	-	(526)	-
Total segment revenues	250,042	212,753	89,420	302,173	-	(526)	551,689
Adjusted EBITDA	45,906	73,121	11,521	84,642	(30,154)	-	100,394
Depreciation of right-of-use assets	4,869	1,808	1,773	3,581	687	-	9,137
Depreciation of property, plant and equipment and amortization of intangibles	23,095	10,284	1,201	11,485	1,687	-	36,267
Finance costs (income), net - leases	299	367	289	656	495	-	1,450
Finance costs (income), net - other	-	-	-	-	(2,634)	-	(2,634)
Income tax expense (recovery)	-	-	-	-	4,342	-	4,342

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

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

6. Segmented Information, cont'd

	Nine months ended September 30, 2021						
	Altus Analytics	Commercial Property Tax	Real Estate Valuation and Cost Advisory	Consulting Total	Corporate ⁽¹⁾	Eliminations	Total
	Revenues from external customers	\$ 178,314	\$ 199,848	\$ 84,316	\$ 284,164	\$ -	\$ -
Inter-segment revenues	363	3	(140)	(137)	-	(226)	-
Total segment revenues	178,677	199,851	84,176	284,027	-	(226)	462,478
Adjusted EBITDA	30,869	69,394	10,492	79,886	(26,861)	-	83,894
Depreciation of right-of-use assets	4,368	2,216	1,886	4,102	440	-	8,910
Depreciation of property, plant and equipment and amortization of intangibles	13,446	9,568	967	10,535	667	-	24,648
Finance costs (income), net - leases	366	513	374	887	451	-	1,704
Finance costs (income), net - other	-	-	-	-	2,808	-	2,808
Income tax expense (recovery)	-	-	-	-	8,933	-	8,933

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

7. Finance Costs (Income), Net

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Interest on bank credit facilities	\$ 3,739	\$ 1,044	\$ 7,770	\$ 2,505
Interest on lease liabilities	490	552	1,450	1,704
Interest - other	25	266	87	360
Change in fair value of interest rate swaps (Note 18)	(8,748)	-	(10,252)	-
Finance costs	(4,494)	1,862	(945)	4,569
Finance income	(124)	(13)	(239)	(57)
Finance costs (income), net	\$ (4,618)	\$ 1,849	\$ (1,184)	\$ 4,512

Notes to Interim Condensed Consolidated Financial Statements September 30, 2022 and 2021 (Unaudited)

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

8. Income Taxes

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Income tax expense (recovery)				
Current	\$ 1,956	\$ 5,810	\$ 8,299	\$ 15,001
Deferred	343	(3,417)	(3,957)	(6,068)
Total income tax expense (recovery)	\$ 2,299	\$ 2,393	\$ 4,342	\$ 8,933

9. Trade Receivables and Other

	September 30, 2022	December 31, 2021
Trade receivables	\$ 154,218	\$ 171,268
Less: loss allowance provision	(19,767)	(19,913)
Trade receivables, net	134,451	151,355
Contract assets: unbilled revenue on customer contracts ⁽¹⁾	71,405	47,677
Deferred costs to obtain customer contracts	4,489	1,942
Prepayments	21,549	20,903
Due from related party (GeoVerra)	1,574	3,074
Other receivables	6,467	1,182
Total trade receivables and other	239,935	226,133
Less: non-current portion	(6,874)	(2,818)
Trade receivables and other - current	\$ 233,061	\$ 223,315

⁽¹⁾ As at September 30, 2022, contract assets are stated net of expected credit losses of \$1,351 (December 31, 2021 - \$787).

For the three and nine months ended September 30, 2022, amortization associated with deferred costs to obtain customer contracts of \$728 and \$2,497, respectively, was expensed to the interim condensed consolidated statements of comprehensive income (loss) (2021 - \$731 and \$1,733, respectively). For the three and nine months ended September 30, 2022 and 2021, no impairment losses on deferred costs were recognized.

10. Investments

	September 30, 2022	December 31, 2021
Investments in equity instruments	\$ 14,389	\$ 14,412
Investments in partnerships	7,372	6,394
Total investments	\$ 21,761	\$ 20,806

Notes to Interim Condensed Consolidated Financial Statements September 30, 2022 and 2021 (Unaudited)

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

11. Trade Payables and Other

	September 30, 2022	December 31, 2021
Trade payables	\$ 12,297	\$ 10,625
Accrued expenses	115,642	119,213
Contract liabilities: deferred revenue	77,259	73,255
Deferred consideration payables	3,024	6,668
Contingent consideration payables	3,188	179
Dividends payable (Note 17)	6,794	6,724
Provisions	7,570	1,551
Due to related party (GeoVerra)	-	86
Total trade payables and other	225,774	218,301
Less non-current portion:		
Accrued expenses	15,915	20,778
Contract liabilities: deferred revenue	1,622	208
Deferred consideration payables	1,402	3,462
Contingent consideration payables	188	179
Provisions	2,131	286
Trade payables and other - non-current	21,258	24,913
Trade payables and other - current	\$ 204,516	\$ 193,388

Provisions consist of:

	Restructuring	Other	Total
Balance as at January 1, 2022	\$ 1,371	\$ 180	\$ 1,551
Charged to profit or loss:			
Additional provisions, net of releases	21,895	-	21,895
Unwinding of discount	-	7	7
Used during the period	(16,062)	17	(16,045)
Exchange differences	170	(8)	162
Balance as at September 30, 2022	7,374	196	7,570
Less: non-current portion	(1,935)	(196)	(2,131)
Provisions - current	\$ 5,439	\$ -	\$ 5,439

Restructuring

Beginning in 2022, the Company initiated a global restructuring program that resulted in restructuring costs of \$21,895 for the nine months ended September 30, 2022, of which \$7,526 related to the net impairment of right-of-use assets and gain (loss) on sublease, and the remainder primarily related to employee severance costs.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2022 and 2021 (Unaudited)

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

12. Borrowings

	September 30, 2022	December 31, 2021
Bank credit facilities	\$ 323,994	\$ 287,594
Less: deferred financing fees	(2,075)	(670)
Net borrowings	\$ 321,919	\$ 286,924

Amendments to bank credit facilities

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

As at September 30, 2022, the Company was in compliance with the financial covenants of the amended bank credit facilities, which are summarized below:

	September 30, 2022
Funded debt to EBITDA (maximum of 4.50:1)	2.29:1
Interest coverage (minimum of 3.00:1)	15.05:1

13. Non-controlling Interest

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

Notes to Interim Condensed Consolidated Financial Statements September 30, 2022 and 2021 (Unaudited)

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

14. 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, 2022	44,119,103	\$ 726,325
Issued on exercise of options (Note 15)	129,450	4,605
Issued under the Dividend Reinvestment Plan	35,033	1,847
Issued for share-based compensation (Note 15)	492,883	11,364
Treasury shares reserved for share-based compensation (Note 15)	(241,725)	(12,859)
Release of treasury shares (Note 15)	335,898	18,408
Cancellation of shares	(188,638)	(10,156)
Balance as at September 30, 2022	44,682,004	739,534

The 44,682,004 common shares as at September 30, 2022 are net of 612,975 treasury shares with a carrying value of \$37,224 that are held in escrow until vesting conditions are met (Note 15).

On June 29, 2022, the Company entered into an automatic share purchase plan ("ASPP") with a designated broker for the purpose of permitting the Company to purchase its common shares under the Normal Course Issuer Bid ("NCIB") announced on February 3, 2022, during self-imposed blackout periods. The NCIB allows the Company to purchase up to 1,345,142 common shares for cancellation. The volume of purchases is determined by the broker in its sole discretion based on maximum purchase price and volume parameters established by the Company under the ASPP. All purchases made under the ASPP will be included in computing the number of common shares purchased under the NCIB. As at September 30, 2022, an obligation to purchase a maximum of \$15,000 common shares was recognized under the ASPP in trade payables and other, with an offset to contributed surplus.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2022 and 2021 (Unaudited)

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

15. Share-based Compensation

The activity in the Company's share-based compensation plans during the period is as follows:

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

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

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

	Number of Options Outstanding	Weighted Average Exercise Price
Balance as at January 1, 2022	1,469,881	\$41.39
Granted	1,196,833	\$47.63
Exercised	(129,450)	\$30.30
Expired/Forfeited	(126,487)	\$53.18
Balance as at September 30, 2022	2,410,777	\$44.47

Information about the Company's share options outstanding and exercisable as at September 30, 2022 is as follows:

Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Number of Options Exercisable
\$25.56 - \$29.72	238,335	1.15 years	165,625
\$30.70 - \$37.93	281,959	1.15 years	225,787
\$43.38 - \$52.84	1,653,327	3.95 years	221,204
\$54.29 - \$65.67	237,156	3.73 years	50,919
\$44.47	2,410,777	3.32 years	663,535

Notes to Interim Condensed Consolidated Financial Statements September 30, 2022 and 2021 (Unaudited)

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

15. Share-based Compensation, cont'd

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:

	2022
Risk-free interest rate	1.58% - 3.36%
Expected dividend yield	1.1% - 1.4%
Expected volatility	29.38% - 31.42%
Expected option life	3.00 - 4.50 years
Exercise price	\$43.38 - \$54.29
Weighted average grant-date fair value per option	\$8.61 - \$13.54

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, 2022	51,843
Settled	(47,886)
Balance as at September 30, 2022	3,957

The Company settled vested performance share units ("PSUs") under the Long-Term Equity Incentive Plan through the issuance of common shares:

	Number of common shares
Settled in March 2021	111,845
Settled in March 2022	310,991

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

	Number of PSUs
Granted in 2021	101,709
Granted in 2022	215,482

Notes to Interim Condensed Consolidated Financial Statements September 30, 2022 and 2021 (Unaudited)

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

15. Share-based Compensation, cont'd

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

The following is a summary of the Company's Long-Term Incentive Restricted Share Plan ("LTIRS Plan") activity:

	Number of LTIRs
Balance as at January 1, 2022 (all unvested)	20,327
Granted	9,697
Settled	(2,579)
Forfeited	(313)
Balance as at September 30, 2022 (all unvested)	27,132

In 2022, the Company granted a total value of \$778 under the LTIRS Plan and purchased 9,697 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 Long-Term Incentive Restricted Share Unit Plan ("LTIRSU Plan") activity:

	Number of LTIRSUs
Balance as at January 1, 2022 (all unvested)	53,152
Granted	47,718
Settled	(4,026)
Forfeited	(4,112)
Balance as at September 30, 2022 (all unvested)	92,732

(iii) Deferred Compensation Plans

The following is a summary of the Company's restricted share plan ("RS Plan") activity:

	Number of RSs
Balance as at January 1, 2022 (all unvested)	179,980
Granted	50,136
Settled	(109,805)
Forfeited	(1,686)
Balance as at September 30, 2022 (all unvested)	118,625

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

15. Share-based Compensation, cont'd

In connection with the 2021 performance year, the Company granted a total value of \$3,981 under the RS Plan. In March 2022, the Company purchased 50,136 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 restricted share unit plan ("RSU Plan") activity:

	Number of RSUs
Balance as at January 1, 2022 (all unvested)	259,691
Granted	129,270
Settled	(137,945)
Forfeited	(8,699)
Balance as at September 30, 2022 (all unvested)	242,317

(iv) Deferred Share Unit Plans

The following is a summary of the Company's deferred share unit plans ("DSU Plans") activity:

	Number of DSUs
Balance as at January 1, 2022	195,001
Granted	18,095
Forfeited	(25,703)
Balance as at September 30, 2022	187,393

(v) Other Share-Based Awards

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

	Number of common shares
Balance as at January 1, 2022	454,997
Granted	181,892
Settled	(140,391)
Forfeited	(33,238)
Balance as at September 30, 2022	463,260

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

15. Share-based Compensation, cont'd

(vi) Compensation Expense by Plan

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Equity Compensation Plan	\$ -	\$ 145	\$ 85	\$ 524
Long-Term Equity Incentive Plan	4,101	1,832	7,476	5,135
LTIRS Plan	313	222	704	390
LTIRSU Plan ⁽¹⁾	369	249	705	442
RS Plan	906	964	2,988	2,928
RSU Plan ⁽²⁾	1,707	2,143	(322)	5,571
DSU Plans ⁽³⁾	477	955	(3,255)	3,148
Other share-based awards	3,116	3,889	9,860	7,618

⁽¹⁾ For the three and nine months ended September 30, 2022, the Company recorded mark-to-market adjustments of \$(39) and \$(435), respectively (2021 - \$21 and \$23, respectively).

⁽²⁾ For the three and nine months ended September 30, 2022, the Company recorded mark-to-market adjustments of \$115 and \$(4,324), respectively (2021 - \$891 and \$3,158, respectively).

⁽³⁾ For the three and nine months ended September 30, 2022, the Company recorded mark-to-market adjustments of \$133 and \$(4,213), respectively (2021 - \$536 and \$1,897, respectively).

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

	September 30, 2022	December 31, 2021
LTIRSU Plan	\$ 1,281	\$ 781
RSU Plan	7,705	14,729
DSU Plans	8,624	12,638

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

(viii) Employee Share Purchase Plan

During the three months ended September 30, 2022, the Company established an Employee Share Purchase Plan ("ESPP"). Under the terms of this plan, employees may contribute up to 8% of their base salary or base hourly wages towards the purchase of the Company's shares. For each eligible contribution, the Company contributes an additional 33% of the employees' contribution towards their purchase of the Company's shares, up to an annual limit per employee each year. These shares will be purchased from the open market at the prevailing market price on the date of purchase.

During the three months ended September 30, 2022, the Company's contributions to this plan were \$90 and are recorded in employee compensation expense.

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

16. Earnings (Loss) per Share

For the three and nine months ended September 30, 2022, 1,445,297 share options, 12,619 restricted shares ("RSs") (including common shares issued in escrow as part of the LTIRS Plan), and 76,035 and 76,132 PSUs, respectively, were excluded from the diluted earnings (loss) per share calculations as the impact would have been anti-dilutive.

For the three months ended September 30, 2021, 1,532,961 share options and 675,820 RSs (including common shares issued in escrow as part of the LTIRS Plan), and 441,851 PSUs were excluded from the diluted earnings (loss) per share calculations as the impact would have been anti-dilutive. For the nine months ended September 30, 2021, 218,350 share options and 19,487 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.

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

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Profit (loss) for the period attributable to Shareholders of the Company - basic and diluted	\$ 6,827	\$ (295)	\$ 7,873	\$ 18,683
Weighted average number of common shares outstanding - basic	44,608,742	41,158,776	44,430,353	40,922,098
Dilutive effect of share options	238,507	-	246,620	426,438
Dilutive effect of equity awards and PSUs	252,139	-	256,000	339,177
Dilutive effect of RSs	282,864	-	369,292	297,720
Weighted average number of common shares outstanding - diluted	45,382,252	41,158,776	45,302,265	41,985,433
Earnings (loss) per share:				
Basic	\$0.15	\$(0.01)	\$0.18	\$0.46
Diluted	\$0.15	\$(0.01)	\$0.17	\$0.44

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

17. 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.

18. 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.

Financial Instruments by Category

The Company classifies its financial assets as fair value through profit or loss ("FVPL"), fair value through other comprehensive income ("FVOCI"), or amortized cost. The tables below indicate the carrying values of financial assets and liabilities for each of the following categories:

	September 30, 2022			December 31, 2021		
	FVPL	FVOCI	Amortized Cost	FVPL	FVOCI	Amortized Cost
Assets as per Consolidated Balance Sheet:						
Cash and cash equivalents	\$ -	\$ -	\$ 46,640	\$ -	\$ -	\$ 51,271
Trade receivables and other (excluding deferred costs to obtain customer contracts, and prepayments)	-	-	213,897	-	-	203,288
Investments in equity instruments	-	14,389	-	-	14,412	-
Investments in partnerships	7,372	-	-	6,394	-	-
Derivative financial instruments	18,201	-	-	21,529	-	-
Total	\$ 25,573	\$ 14,389	\$ 260,537	\$ 27,923	\$ 14,412	\$ 254,559

Notes to Interim Condensed Consolidated Financial Statements September 30, 2022 and 2021 (Unaudited)

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

18. Financial Instruments and Fair Values, cont'd

	September 30, 2022		December 31, 2021	
	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)	\$ -	\$ 124,693	\$ -	\$ 110,051
Deferred consideration payables	3,024	-	6,668	-
Contingent consideration payables	3,188	-	179	-
Borrowings	-	321,919	-	286,924
Total	\$ 6,212	\$ 446,612	\$ 6,847	\$ 396,975

Fair Values

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

	September 30, 2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments in equity instruments	\$ 2,881	\$ 2,224	\$ 9,283	\$ 14,389
Investments in partnerships	-	-	7,372	7,372
Derivative financial instruments	-	18,201	-	18,201
Liabilities:				
Borrowings	-	323,994	-	323,994
Deferred consideration payables	-	3,024	-	3,024
Contingent consideration payables	-	-	3,188	3,188

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

18. Financial Instruments and Fair Values, cont'd

	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

For the three and nine months ended September 30, 2022, there was a transfer within investments in equity instruments from Level 3 to Level 2 in the hierarchy due to the incorporation of a quoted sale price obtained during the quarter.

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

Cash and cash equivalents, trade receivables and other (excluding deferred costs to obtain customer contracts, and prepayments) due within one year, and trade payables and other (excluding contract liabilities, LTIRSU Plan, RSU Plan and DSU Plans payables, deferred consideration payables, and contingent consideration payables) due within one year, are all short-term in nature and, as such, their carrying values approximate their fair values. The fair values of non-current trade receivables and other and trade payables and other are estimated by discounting the future contractual cash flows at the cost of borrowing to the Company, which approximate their carrying values.

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

19. Commitments and Contingencies

As at September 30, 2022, the Company provided letters of credit of approximately \$1,520 to its lessors (December 31, 2021 - \$1,485).

Notes to Interim Condensed Consolidated Financial Statements September 30, 2022 and 2021 (Unaudited)

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

19. Commitments and Contingencies, cont'd

As at September 30, 2022, the Company has committed to aggregate capital contributions of \$4,046 (Note 10) to certain partnerships (December 31, 2021 - \$4,847).

From time to time, the Company or its subsidiaries are involved in legal proceedings, claims, and litigation in the ordinary course of business with customers, former employees, and other parties. Although it is not possible to determine the final outcome of such matters, based on all currently available information, management believes that liabilities, if any, arising from such matters will not have a material adverse effect on the Company's financial position or results of operations and have been adequately provided for in these interim financial statements.

In the ordinary course of business, the Company is subject to tax audits from various government agencies relating to income and commodity taxes. As a result, from time to time, the tax authorities may disagree with the positions and conclusions made by the Company in its tax filings, which could lead to assessments and reassessments. These assessments and reassessments may have a material adverse effect on the Company's financial position or results of operations.



Altus Group

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Stock trading symbol: AIF

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