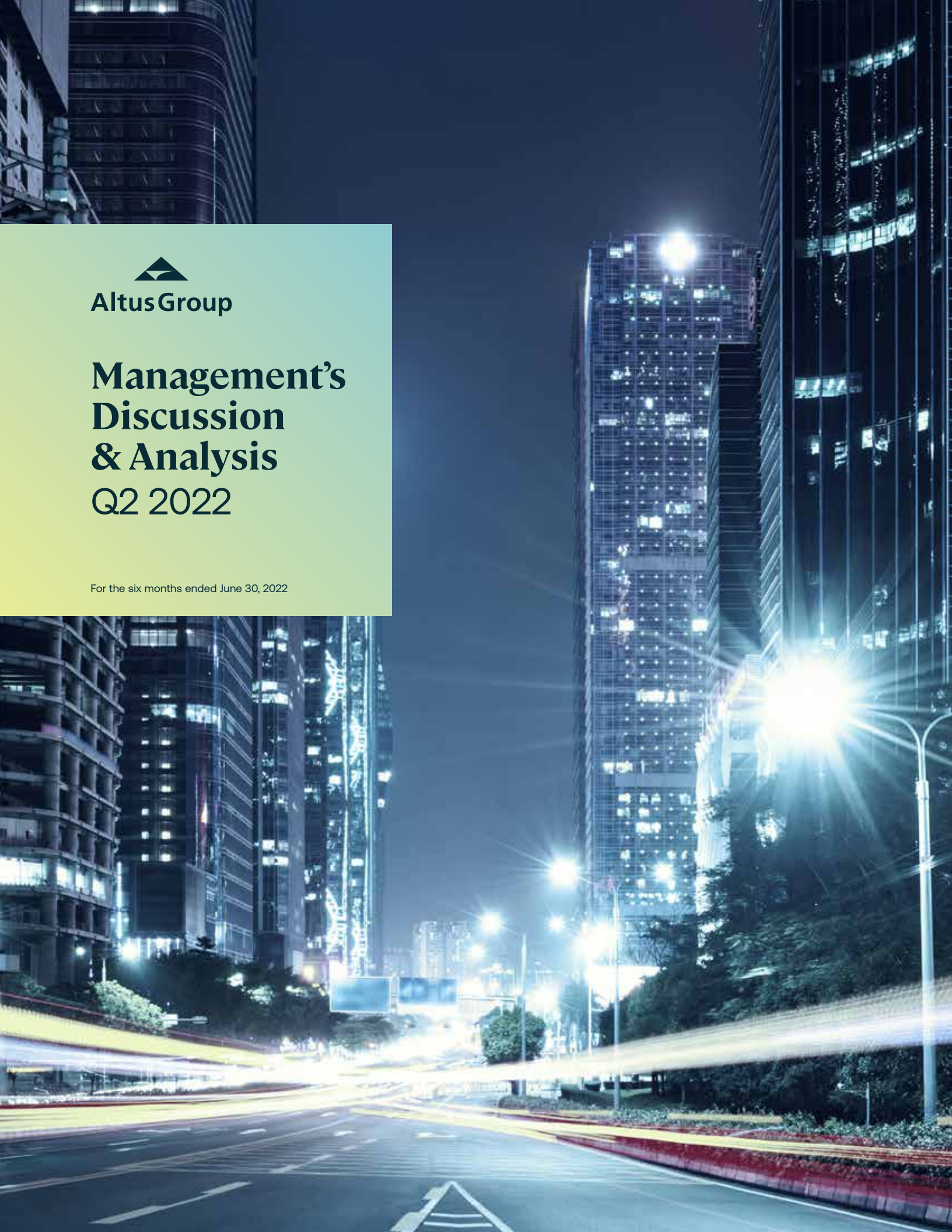




Altus Group

Management's Discussion & Analysis Q2 2022

For the six months ended June 30, 2022



Altus Group Limited



Management's Discussion & Analysis

June 30, 2022

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The following management's discussion and analysis ("MD&A") is intended to assist readers in understanding Altus Group Limited's consolidated business, its business environment, strategies, performance, outlook and applicable risks. References to the "Company" or "Altus Group" are to the consolidated group of entities, and this should be read in conjunction with our unaudited interim condensed consolidated financial statements and accompanying notes (the "interim financial statements") as at and for the three and six months ended June 30, 2022, which have been prepared on the basis of International Financial Reporting Standards ("IFRS") and reported in Canadian dollars. Unless otherwise indicated herein, references to "\$" are to Canadian dollars and percentages are in comparison to the same period in 2021.

Unless the context indicates otherwise, all references to "we", "us", "our" or similar terms refer to Altus Group, and, as appropriate, our consolidated operations.

This MD&A is dated as of August 11, 2022.

Forward-Looking Information

Certain information in this MD&A may constitute "forward-looking information" within the meaning of applicable securities legislation. All information contained in this MD&A, other than statements of current and historical fact, is forward-looking information. Forward-looking information includes, but is not limited to, the discussion of our business and operating initiatives, focuses and strategies, our expectations of future performance for our various business units and our consolidated financial results, including the guidance on financial expectations, and our expectations with respect to cash flows and liquidity. Generally, forward-looking information can be identified by use of words such as "may", "will", "expect", "believe", "plan", "would", "could", "remain" and other similar terminology. All of the forward-looking information in this MD&A is qualified by this cautionary statement.

Forward-looking information is not, and cannot be, a guarantee of future results or events. Forward-looking information is based on, among other things, opinions, assumptions, estimates and analyses that, while considered reasonable by us at the date the forward-looking information is provided, inherently are subject to significant risks, uncertainties, contingencies and other factors that may cause actual results, performance or achievements, industry results or events to be materially different from those expressed or implied by the forward-looking information. The material factors or assumptions that we identified and applied in drawing conclusions or making forecasts or projections set out in the forward-looking information include, but are not limited to: engagement and product pipeline opportunities in Altus Analytics will result in associated definitive agreements; settlement volumes in the Property Tax business will occur on a timely basis and that assessment authorities will process appeals in a manner consistent with expectations; the successful execution of our business strategies; consistent and stable economic conditions or conditions in the financial markets; consistent and stable legislation in the various countries in which we operate; no disruptive changes in the technology environment; the opportunity to acquire accretive businesses and the absence of negative financial and other impacts resulting from strategic investments or acquisitions on short term results; the successful integration of acquired businesses; and the continued availability of qualified professionals. Projections may also be impacted by macroeconomic factors, in addition to other factors not controllable by the Company. Altus Group has also made certain macroeconomic and general industry assumptions in the preparation of such forward-looking statements. Not all factors which affect the forward-looking information are known, and actual results may vary from the projected results in a material respect, and may be above or below the forward-looking information presented in a material respect.

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

Inherent in the forward-looking information are known and unknown risks, uncertainties and other factors that could cause our actual results, performance or achievements, or industry results, to differ materially from any results, performance or achievements expressed or implied by such forward-looking information. Those risks, uncertainties and other factors that could cause actual results to differ materially from the forward-looking information include, but are not limited to: the general state of the economy; the COVID-19 pandemic; our financial performance; our financial targets; the commercial real estate market; acquisitions; industry competition; business interruption events; third party information; cybersecurity; professional talent; our cloud subscriptions transition; software renewals; our sales pipeline; enterprise transactions; customer concentration and loss of material clients; product enhancements and new product introductions; technological strategy; intellectual property; property tax appeals and seasonality; legislative and regulatory changes; privacy and data protection; our brand and reputation; fixed-price and contingency engagements; the Canadian multi-residential market; currency fluctuations; interest rates; credit; income tax matters; health and safety hazards; our contractual obligations; legal proceedings; our insurance limits; our ability to meet the solvency requirements necessary to make dividend payments; our leverage and financial covenants; our share price; our capital investments; and the issuance of additional common shares and debt, as well as those described in our annual publicly filed documents, including the Annual Information Form for the year ended December 31, 2021 (which are available on SEDAR at www.sedar.com).

Given these risks, uncertainties and other factors, investors should not place undue reliance on forward-looking information as a prediction of actual results. The forward-looking information reflects management's current expectations and beliefs regarding future events and operating performance and is based on information currently available to management. Although we have attempted to identify important factors that could cause actual results to differ materially from the forward-looking information contained herein, there are other factors that could cause results not to be as anticipated, estimated or intended. The forward-looking information contained herein is current as of the date of this MD&A and, except as required under applicable law, we do not undertake to update or revise it to reflect new events or circumstances. Additionally, we undertake no obligation to comment on analyses, expectations or statements made by third parties in respect of Altus Group, our financial or operating results, or our securities.

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

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Non-GAAP and Other Measures

Non-GAAP Financial Measures

We use certain non-GAAP measures as indicators of financial performance. Readers are cautioned that they are not defined performance measures, and do not have any standardized meaning under IFRS and may differ from similar computations as reported by other similar entities and, accordingly, may not be comparable to financial measures as reported by those entities. We believe that these measures which include non-GAAP financial measures and non-GAAP ratios as defined in National Instrument 52-112 - Non-GAAP and Other Financial Measures Disclosure ("NI 52-112"), may assist investors in assessing an investment in our shares as they provide additional insight into our performance. These non-GAAP measures should not be considered in isolation or as a substitute for financial measures prepared in accordance with IFRS.

Adjusted Earnings before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA") is a non-GAAP financial measure which 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).

Adjusted EBITDA margin is a non-GAAP financial ratio which represents the percentage factor of Adjusted EBITDA to revenues. We use Adjusted EBITDA and Adjusted EBITDA margin to evaluate the performance of our business, as well as when making decisions about the ongoing operations of the business and our ability to generate cash flows. Refer to page 29 for a reconciliation of Adjusted EBITDA to our interim financial statements.

Adjusted Earnings (Loss) is a non-GAAP financial measure which represents profit (loss) adjusted for the effects of: profit (loss) from discontinued operations, occupancy costs calculated on a similar basis prior to the adoption of IFRS 16, depreciation of right-of-use assets, finance costs (income), net - leases, amortization of intangibles of acquired businesses, unrealized foreign exchange losses (gains), (gains) losses on disposal of right-of-use assets, property, plant and equipment and intangibles, non-cash share-based compensation costs, losses (gains) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged, interest accretion on contingent consideration payables, restructuring costs (recovery), losses (gains) on hedging transactions and interest expense (income) on swaps, acquisition and related transition costs (income), losses (gains) on investments, share of (profit) loss of joint venture, impairment charges, (gains) losses on derivatives, other costs or income of a non-operating and/or non-recurring nature, and the tax impact on these items. We use Adjusted Earnings (Loss) to facilitate the calculation of Adjusted Earnings (Loss) per Share ("Adjusted EPS"). Refer to page 30 for a reconciliation of Adjusted Earnings (Loss) to our interim financial statements.

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Adjusted EPS is a non-GAAP financial ratio calculated by dividing the Adjusted Earnings (Loss) by the basic weighted average number of shares adjusted for the effects of weighted average number of restricted shares. We use Adjusted EPS to assess the performance of our business before the effects of the noted items, because they affect the comparability of our financial results and could potentially distort the analysis of trends in business performance. Refer to page 30 for a reconciliation of Adjusted EPS to our interim financial statements.

Constant currency is a non-GAAP financial measure that allows for current financial and operational performance to be understood against comparative periods without the impact of fluctuations in foreign currency exchange rates against the Canadian dollar. The financial results and non-GAAP measures presented at constant currency within this MD&A are obtained by translating monthly results denominated in local currency (US dollars, British pound, Euro, Australian dollars, and other foreign currencies) at the foreign exchange rates of the comparable month.

Net debt to Adjusted EBITDA leverage ratio is a non-GAAP financial ratio which represents net debt, or total borrowings less cash and cash equivalents (net of short-term deposits), as a percentage of Adjusted EBITDA. We use Net debt to Adjusted EBITDA leverage ratio as a measure of our ability to service our debt and other long-term obligations.

Other Measures

We also apply certain other measures to allow us to measure our performance against our operating strategy and against the results of our peers and competitors. Readers are cautioned that they are not standardized financial measurements in accordance with IFRS and may differ from similar computations as reported by other similar entities and, accordingly, may not be comparable to financial measures as reported by those entities. These other measures, which include supplementary financial measures as defined in NI 52-112, should not be considered in isolation or as a substitute for any other measure of performance under IFRS.

Bookings is a supplementary financial measure for the Altus Analytics business segment. We define Bookings as the annual contract value for new sales of our recurring offerings (software, Appraisal Management solutions and data subscriptions) and the total contract value for one-time engagements (consulting, training and due diligence). The contract value of renewals is excluded from this metric, with the exception of additional capacity or products purchased at the time of renewal. *Organic Bookings* is a supplementary financial measure which represents Bookings, excluding Bookings from business acquisitions that are not fully integrated, prior to the first anniversary of the acquisition. We use Bookings and Organic Bookings as measures to track the performance and success of our sales initiatives, and as an indicator of future revenue growth.

Organic Revenue is a supplementary financial measure which represents revenue, consistent with IFRS 15, *Revenue from Contracts with Customers*, excluding the revenues from business acquisitions that are not fully integrated, prior to the first anniversary of the acquisition. We use Organic Revenue to evaluate to assess revenue trends in our business on a comparable basis versus the prior year, and as an indicator of future revenue growth.

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Over Time Revenues is a supplementary financial measure consistent with IFRS 15, *Revenue from Contracts with Customers*, for the Altus Analytics business segment. Our Over Time Revenues are comprised of software subscription revenues recognized on an over time basis in accordance with IFRS 15, software maintenance revenues associated with our legacy licenses sold on perpetual terms, Appraisal Management revenues, and data subscription revenues. For greater clarity, this measure does not include revenue from distinct on-premise licenses which is recognized upfront at the point in time when the software is delivered to the customer. *Organic Over Time Revenues* represents Over Time Revenues, excluding the Over Time Revenues from business acquisitions that are not fully integrated, prior to the first anniversary of the acquisition. We use Over Time Revenues and Organic Over Time Revenues as measures to assess revenue trends in our business, and as an indicator of future revenue growth.

ARGUS Enterprise ("AE") software maintenance retention rate is a supplementary financial measure calculated as a percentage of AE software maintenance revenue retained upon renewal; it represents the percentage of the available renewal opportunity in a fiscal period that renews, calculated on a dollar basis, excluding any growth in user count or product expansion. We use AE software maintenance retention rate as a measure to evaluate our success in retaining our AE software customers.

Cloud adoption rate is another measure that represents the percentage of the total AE user base contracted on the ARGUS Cloud platform. It includes both new AE cloud users as well as those who have migrated from our AE on-premise software. We use cloud adoption rate as a measure of our progress in transitioning the AE user base to our cloud-based platform, a key component of our overall product strategy.

Days Sales Outstanding ("DSO") is a supplementary financial measure which is calculated by taking the five-quarter average balance of trade receivables, net and unbilled revenue on customer contracts net of deferred revenue and the result is then divided by the trailing 12-month revenues plus any pre-acquisition revenues, as applicable, and multiplied by 365 days. Our method of calculating DSO may differ from the methods used by other issuers and, accordingly, may not be comparable to similar measures used by other issuers. We use DSO as a measure of our ability to convert our revenues into cash.

Overview of the Business

Altus Group provides the global commercial real estate ("CRE") industry with vital actionable intelligence solutions driven by our de facto standard ARGUS technology, unparalleled asset level data, and market leading expertise. A market leader in providing Intelligence as a Service, Altus Group empowers CRE professionals to make well-informed decisions with greater speed and scale to maximize returns and reduce risk. Trusted by most of the world's largest CRE leaders, our 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 is a global company with approximately 2,650 employees across North America, EMEA and Asia Pacific.

We have two reporting business segments: Altus Analytics and Commercial Real Estate Consulting ("CRE Consulting").

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Altus Analytics

Our global Altus Analytics business segment includes a portfolio of CRE-focused software, data, analytics, and advisory solutions that enable clients to drive better performance in the areas of valuation, transactions, performance, strategy and intelligence. Our solutions drive compelling, quantifiable value for our clients and empower them to leverage the gained intelligence to deliver outsized returns, mitigate portfolio risk, improve margins and raise more capital. The combination of our deep industry expertise with asset-level data and data science on an industry standard platform (ARGUS) enables us to serve our customers through a scalable Intelligence as a Service delivery model. Our ARGUS platform enjoys a strong network effect in the CRE ecosystem and has been widely recognized as the industry standard for property cash flow and valuation modelling for over 30 years, and many of our solutions are deeply entrenched in our customers' key workflows across the CRE asset value chain. Our clients predominately consist of CRE-focused professionals and organizations ranging from small-to-medium sized businesses to large, global firms. The key customers we serve include equity and debt investors, valuers and appraisers, brokers, developers, banks, and public entities.

Our Altus Analytics solutions are global with our flagship AE software currently utilized in over 100 countries. Our products have traditionally been sold as point solutions, primarily led by our ARGUS software and appraisal management offerings, which we bolstered with new software, data and analytics capabilities through acquisitions that collectively provide us with an end-to-end enterprise solution across various CRE asset investment and management workflows – both for equity and debt investments. In 2022, we are realigning the way we bring our solutions to market by combining our core software tools (ARGUS and Finance Active), data (Altus Data Studio and Reonomy), analytics (ARGUS ValueInsight with CRE fund benchmarking and attribution analysis tools and StratoDem Analytics) and advisory (Appraisal Management and One11 advisory) capabilities under the following offerings: Altus Valuation, Altus Transactions, Altus Performance, Altus Strategy, Altus Intelligence, Altus Development, and Altus Property Tax. Each of these offerings packages a number of our capabilities which we believe best suits our customers' needs and better addresses their pain points across the whole asset lifecycle.

Our Altus Analytics business segment primarily consists of Over Time Revenues, including software subscription revenues recognized on an over time basis, data and analytics subscription offerings, as well as legacy software maintenance fees (which we are in the process of upgrading to cloud subscriptions) and the managed services fees from our Appraisal Management solutions. The segment also consists of point-in-time revenues from legacy on-premise licenses as well as services related to education, training, implementation, and strategic advisory for front-to-back-office strategies, processes and technology. Our revenue mix continues to increasingly shift to a recurring subscription-based model under which revenues are recognized ratably (which we capture as Over Time Revenues). We continue to upgrade our legacy on-premise AE software users to our cloud environment by converting their maintenance contracts to cloud subscription contracts. Our subscription agreements vary in length between one to five years with the fee primarily dependent on the number of users and applications deployed, and in the case of our Appraisal Management managed services, based on the number of real estate assets on our platform with adjustments for frequency of valuations and complexity of asset class. Our non-recurring software service engagements are charged primarily on a time and materials basis, billed and recognized monthly as delivered. We enjoy very high contract renewal rates for our Altus Analytics solutions, including industry leading retention rates for our flagship AE software.

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Commercial Real Estate Consulting

Our CRE Consulting business segment includes CRE-focused professional services in the areas of property tax management, valuations, and cost advisory to help our clients maximize the value and returns of their CRE assets and investments. Through our various practice areas, we are well-equipped to serve our clients across various stages of the CRE asset lifecycle: feasibility, development, acquisition, management and disposition. Our professionals possess extensive industry, market and asset-specific knowledge that contribute to our proprietary internal databases that help drive successful client outcomes. We have long-standing relationships with leading CRE market participants - including owner operators, developers, financial institutions, and various CRE asset holders and investors. Given the strength of our brand, our independence and quality of our work, we enjoy a high rate of client renewals across all of our CRE Consulting practices.

Property tax is typically the largest operating expense in CRE property ownership after debt service, making it a key area of focus for our clients. Additionally, realty tax regimes vary significantly between jurisdictions requiring regional and asset specific expertise. We help clients proactively manage this cost and their complex appeal processes, striving to help them minimize the tax burden and reduce the cost of compliance. Our core real estate property tax services include assessment reviews, managing tax appeals, as well as in the U.S., personal property and state and local tax advisory services. The combination of our very specific expertise with our proprietary comprehensive databases and technology contribute to our long-standing track record of successful client outcomes. In Canada, our engagements are also supported by our Property Tax Analyzer platform, an automated workflow communication model that provides clients with “one stop” monitoring and a dashboard view of their assets and property information, including property assessments, appeal status, and taxation information. Following the May 1, 2022 acquisition of Rethink Solutions Inc. (“Rethink Solutions”), we now also offer the itamlink property tax management software in North America, a solution that helps clients identify tax saving opportunities, manage tax payments and develop budgets and forecasting. The majority of our Property Tax revenues are derived on a contingency basis, representing a percentage of the savings we achieve for our clients. As such, we recognize contingency revenues when settlements are made, which in some cases could span multiple years. A smaller portion of our fees are based on a time and materials basis. As discussed under the “Summary of Quarterly Results” section on page 31, this business is subject to some seasonal and cyclical variations.

Our Valuation practice in Canada consists of appraisals of real estate portfolios, valuation of properties for transactional purposes, due diligence and litigation support, and economic consulting. Our Cost Advisory practice, offered in both the private and public sectors in Canada and Asia Pacific, provides expert services in the areas of construction feasibility studies, budgeting, cost and loan monitoring and project management. Pricing for our Valuation and Cost Advisory services is primarily based on a fixed fee or time and materials basis.

Strategy

The growing prominence of data analytics, process automation, machine learning, artificial intelligence and cloud computing are continually providing greater visibility into properties and their performance. The maturing of the proptech sector is driving rapid modernization of the industry and changing customer demand trends. Customers are moving beyond single specialty solutions and increasingly looking for integration across their technology platforms and data collaboration across workflows to drive real-time business insights. Combined with the impacts of globalization, demographic shifts, new institutional

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capital in-flows and cross-border transactions, talent scarcity and increasing regulatory pressures – the CRE industry is undergoing a fundamental transformation. We believe our industry is at an inflection point that presents us with an attractive opportunity for our long-term growth strategy.

At the center of this rapidly maturing and consolidating sector is Altus Group. Our global footprint and market leading solutions place us at the intersection of CRE transactions globally, uniquely positioning us to drive transformative industry innovation in a fragmented technology landscape. We believe we have the industry's best view of global real estate and an established global platform that's trusted by the industry.

Our long-term strategy reinforces Altus Group as the global market leader in actionable intelligence solutions for the valuation, performance, and risk management of CRE assets. To drive our next phase of growth – *sustainably and innovatively* – our strategy is centered around serving the CRE market with an Intelligence as a Service offering that provides us with strong recurring revenues, fuels the network effect of our platform, and better positions us to move into adjacent verticals. The Intelligence as a Service model combines our technology, data and expertise across a myriad of CRE workflows spanning the various stages of the CRE asset lifecycle. In support of this, we are realigning our go-to-market plans and operating models across all of Altus Group to efficiently scale and enhance sales opportunities. Transformative industry innovation is core to solidify Altus Group as mission critical in the CRE ecosystem. Our product roadmap is focused on expanding capabilities that help our clients maximize returns (alpha) and reduce volatility (beta) with speed and scale. By pioneering predictive and prescriptive analytics we will help clients and our industry move from insight to foresight and in doing so further imbed our solutions across organizations. With the foundational technology and our best-in-class talent already in place, the acquisitions from 2021 have significantly accelerated our go-to-market timelines to drive transformative industry innovation in the coming years with actionable intelligence solutions.

The rare market consolidation that is emerging in the proptech sector presents us with a unique opportunity to remain acquisitive. While we are well positioned to deliver on our plans organically, we intend to pursue acquisition opportunities that will strengthen our Intelligence as a Service platform and help accelerate time to market in alignment with our long-term strategy, including opportunities in new verticals and adjacencies that align with secular growth trends and that are strategic to our clients across the CRE value chain.

2022 Strategic Priorities:

In 2022, our strategic focus builds on the prior year's priorities and the acquisitions we made to drive transformative innovation. We have organized our priorities around three key themes – focus, simplification, and execution.

1. Focus

- ***Profitable revenue growth:*** We are focused on strong sales execution to drive profitable revenue growth in each of our tier one geographies (U.S., Canada, U.K., France, Germany and Australia), across our core customer sectors (investors, proprietors, bankers, and service providers) and across our customer segments (high touch and scale).

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- *Network effect*: Driving global industry adoption of our ARGUS cloud platform remains a high priority and will be foundational to our Intelligence as a Service offering. ARGUS' global, mission critical and de facto standard differentiation is amongst our most strategic competitive advantages that advances our position globally through its inherent network effect. We remain tactically focused on migrating our legacy on-premise software users to our cloud platform, as well as expanding our penetration with existing customers and adding new ones.

2. Simplification

- *Data*: Our business encompasses a substantial amount of valuable data across all of our solutions and service lines that we intend to leverage in our Intelligence as a Service offering to deliver analytics at scale and with greater efficiency and speed. A core initiative this year is the unification of our data, including expanding our governance and optimization processes, as well as expanding our data and analytics capabilities to markets within our tier one targets.
- *Value selling*: We are realigning our product offering structure pivoting from product-centric strategies and point solution selling to a more ubiquitous model that centers around our customers' unique priorities and with offers aligned to clear customer challenges that we can solve and create value. The combination of our data, technology and expertise that seamlessly delivers actionable intelligence provides for the most optimal way to drive client value while supporting our business strategies to profitably grow and scale. In 2022, we are updating the way we bring our solutions to market (starting with Altus Analytics and then at CRE Consulting) under the following offerings: Altus Valuation, Altus Transactions, Altus Performance, Altus Strategy, Altus Intelligence, Altus Development, and Altus Property Tax. Each of these offerings packages a number of our capabilities to best suit our customers' needs.
- *Platform economics*: We are transitioning our entire technology stack to a platform-based approach designed for the management of our data model, the transition of our clients' digital experience, and to reap the benefits of leverage and scale across our entire organization. We are continuing to integrate all of our underlying technology under a common Altus Group performance platform to deliver Intelligence as a Service. This approach is inclusive of all our solutions and service lines by design and will include a tax management workflow solution that will contribute valuable information to our Intelligence as a Service model.

3. Execution

- *One Altus*: Keeping pace with our growth and the many acquisitions made over the years, in 2022 we will transform our internal systems for how we operate, collaborate and go-to-market as a unified Intelligence as a Service provider across all of Altus Group. This includes upgrading our finance back-office systems, optimizing CRM front office systems for integrated account planning, and simplifying our solution architecture (including realigning our sales processes, incentives and pricing to increase client value). Our efforts will simplify how we engage with our employees and customers and maximize our internal systems so that we can efficiently and effectively scale as we grow and enhance our productivity metrics.

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- *Talent strategy:* In support of our pursuit to become an international employer of choice, in 2022 we are focused on enhancing our talent management strategy to attract, motivate, reward and retain our talented people with a focus on embedding a culture of transformation, diversity, equity and inclusion. We are shifting our talent priorities to increase our capacity in line with our growth strategy and investing in our global human resources systems to better manage our talent pool, strengthen employee engagement and productivity, and create a best-in-industry employee experience with improved organizational cohesiveness.

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Financial and Operating Highlights

Selected Financial Information	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
<i>In thousands of dollars, except for per share amounts</i>				
Revenues	\$ 206,414	\$ 173,523	\$ 373,998	\$ 310,681
Canada	24%	25%	27%	31%
U.S.	39%	33%	41%	34%
Europe	33%	38%	28%	31%
Asia Pacific	4%	4%	4%	4%
Adjusted EBITDA ⁽¹⁾	\$ 49,743	\$ 42,239	\$ 67,484	\$ 59,479
Adjusted EBITDA margin ⁽¹⁾	24.1%	24.3%	18.0%	19.1%
Profit (loss)	\$ 12,499	\$ 16,341	\$ 1,043	\$ 18,978
Earnings (loss) per share:				
Basic	\$0.28	\$0.40	\$0.02	\$0.47
Diluted	\$0.28	\$0.39	\$0.02	\$0.45
Adjusted ⁽¹⁾	\$0.77	\$0.75	\$1.04	\$1.09
Dividends declared per share	\$0.15	\$0.15	\$0.30	\$0.30

⁽¹⁾ Altus Group uses certain non-GAAP financial measures such as Adjusted EBITDA, Adjusted EBITDA margin and Adjusted EPS. Since these measures are not standard measures under GAAP, they may not be comparable to similar measures reported by other entities. Refer to the "Non-GAAP and Other Measures" section for more information on each measure and the "Reconciliation of Adjusted EBITDA to Profit (Loss)" and "Reconciliation of Adjusted Earnings (Loss) Per Share to Profit (Loss)" sections for reconciliations to the most directly comparable GAAP measure.

Financial Highlights

- Revenues** were \$206.4 million for the three months ended June 30, 2022, up 19.0% (19.9% on a constant currency basis*) or \$32.9 million (\$34.5 million on a constant currency basis), from \$173.5 million in the same period in 2021. Organic Revenue* growth was 14.9% (15.8% on a constant currency basis) for the three months ended June 30, 2022. For the six months ended June 30, 2022, revenues were \$374.0 million, up 20.4% (21.5% on a constant currency basis) or \$63.3 million (\$66.9 million on a constant currency basis), from \$310.7 million in the same period in 2021. Organic Revenue growth was 12.9% (14.1% on a constant currency basis) for the six months ended June 30, 2022. Both the Altus Analytics and CRE Consulting segments were up year-over-year for the three and six months ended June 30, 2022. Altus Analytics revenue was driven by strong growth in Over Time Revenues with strong double-digit growth across all our key solutions. The CRE Consulting revenue increase was primarily from the U.S. Property Tax Practice.
- Adjusted EBITDA** was \$49.7 million for the three months ended June 30, 2022, up 17.8% (20.3% on a constant currency basis) or \$7.5 million (\$8.6 million on a constant currency basis), from \$42.2 million in the same period in 2021. For the six months ended June 30, 2022, Adjusted EBITDA was \$67.5 million, up 13.5% (15.7% on a constant currency basis) or \$8.0 million (\$9.3 million on a constant currency basis), from \$59.5 million in the same period in 2021. Earnings continue to improve, driven by growth at both Altus Analytics and CRE Consulting for the three and six months ended June 30, 2022.
- Profit (loss)** for the three months ended June 30, 2022 was \$12.5 million, down 23.5% or \$3.8 million from \$16.3 million in the same period in 2021. For the six months ended June 30, 2022, profit (loss) was

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\$1.0 million, down 94.5% or \$18.0 million from \$19.0 million in the same period in 2021. In addition to the items affecting Adjusted EBITDA as discussed above, profit (loss) for the three and six months ended June 30, 2022 was impacted by restructuring costs related to our 2022 global restructuring program, higher amortization of acquisition-related intangibles related to acquisitions, costs related to organizational and strategic initiatives, and losses on equity derivatives. This was partially offset by profit recognized from our GeoVerra Inc. ("GeoVerra") joint venture and unrealized gains due to foreign exchange. Profit (loss) for the three months ended June 30, 2022 was also impacted by higher acquisition and related transition costs related to Rethink Solutions, whereas these costs were comparatively lower for the six months ended June 30, 2022 due to the acquisitions of Finance Active SAS ("Finance Active") and StratoDem Analytics, LLC ("StratoDem Analytics") in the prior year.

- For the three months ended June 30, 2022, earnings (loss) per share was \$0.28, basic and diluted, as compared to \$0.40, basic and \$0.39, diluted, in the same period in 2021. For the six months ended June 30, 2022, earnings (loss) per share was \$0.02, basic and diluted, as compared to \$0.47, basic and \$0.45, diluted, in the same period in 2021.
- For the three months ended June 30, 2022, Adjusted EPS was \$0.77, up 2.7% from \$0.75 in the same period in 2021. For the six months ended June 30, 2022, Adjusted EPS was \$1.04, down 4.6% from \$1.09 in the same period in 2021. Our Adjusted EPS was driven by our strong operational results for the three and six months ended June 30, 2022 after the exclusion of items that affect comparability to earnings (loss) per share, most notably the amortization of intangibles of acquired businesses, restructuring costs and other non-operating and/or non-recurring costs, as we continue to grow and transform our business. This growth in our Adjusted Earnings (Loss) was offset by the higher year-over-year weighted average number of shares outstanding used to calculate Adjusted EPS.
- We returned \$6.8 million to shareholders in the quarter through quarterly dividends of \$0.15 per common share.
- As at June 30, 2022, our bank debt was \$345.0 million, representing a funded debt to EBITDA leverage ratio, as defined in our credit facility agreement, of 2.63 times (compared to 2.47 times as at December 31, 2021), well below our new maximum ratio of 4.50 times. As at June 30, 2022, cash and cash equivalents were \$67.1 million (compared to \$51.3 million as at December 31, 2021). This also represents a net debt to Adjusted EBITDA leverage ratio* of 2.37 times (compared to 2.17 times as at December 31, 2021).

* Altus Group uses certain non-GAAP financial measures such as constant currency, non-GAAP financial ratios such as net debt to Adjusted EBITDA leverage ratio as well as supplementary financial and other measures such as Organic Revenue. Since these measures are not standard measures under GAAP, they may not be comparable to similar measures reported by other entities. Refer to the "Non-GAAP and Other Measures" section for more information on each measure.

Operating Highlights

Interest Rate Hedging

On April 29, 2022, we entered into interest rate swap agreements for a total notional amount of GBP57.0 million. We are 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 us an amount equal to the GBP - SONIA. These agreements expire on April 13, 2027.

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Acquisition of Rethink Solutions Inc.

On May 1, 2022, we acquired all of the issued and outstanding shares of Rethink Solutions for \$40.7 million, subject to adjustments. On closing, we paid a total of \$28.7 million in cash, net of working capital adjustments, funded by drawing on our credit facilities. As part of the acquisition, we entered into non-competition and non-solicitation agreements with the selling shareholders. In addition, we issued 181,892 common shares, valued at \$9.0 million 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 \$3.0 million subject to certain performance targets being achieved by the third anniversary of the closing date. Based in Canada, Rethink Solutions' team has integrated into our Property Tax business.

Founded in Toronto in 2001, Rethink Solutions is the developer of the itamlink property tax management software, a comprehensive tax management solution used by many organizations across the U.S. and Canada to optimize property tax processes. The acquisition brings a complementary software offering, property tax-focused technical talent, and strong customer relationships. It is also an important building block for our technology strategy to drive industry innovation through an end-to-end property tax management platform, representing significant time and cost savings to bring it to market.

Long-Term Equity Incentive Plan Share Pool Increase

On May 3, 2022, our shareholders approved a resolution to increase the number of authorized common shares to be reserved for issuance under our Long-Term Equity Incentive Plan. The resolution increases the maximum number of common shares reserved for issuance by 2,689,000 shares, from 4,075,000 shares to 6,764,000 shares.

Purchase of Verifino Non-controlling Interest

On May 3, 2022, we purchased the remaining 30% minority interest in Verifino GmbH & Co. KG ("Verifino") and settled our non-controlling interest liability for \$2.8 million in cash. We acquired our interest in Verifino through the acquisition of Finance Active, who owned a 70% majority interest in the subsidiary at the time of the acquisition.

Amendments to Bank Credit Facilities

On June 28, 2022, we amended our bank credit facilities to further strengthen our financial and liquidity position by increasing our borrowing capacity to \$550.0 million from \$400.0 million with certain provisions that allow us to further increase the limit to \$650.0 million. 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 of our assets. The bank credit facilities mature on March 24, 2027, with an additional two-year extension available at our option.

Automatic Share Purchase Plan

On June 29, 2022, in connection with our Normal Course Issuer Bid ("NCIB") announced on February 3, 2022 to purchase up to 1,345,142 common shares, we entered into an automatic share purchase plan ("ASPP") with a designated broker. The ASPP is intended to allow for the purchase of common shares under the NCIB at times when we would ordinarily not be permitted to purchase shares due to regulatory

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restrictions and customary self-imposed blackout periods. All purchases made under the ASPP will be included in computing the number of common shares purchased under the NCIB.

Appointment of New Board Members

Effective June 29, 2022, we appointed Wai-Fong Au and Carolyn Schuetz to our Board of Directors as independent directors.

Discussion of Operations

Three and Six Months Ended June 30, 2022

<i>In thousands of dollars</i>	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Revenues	\$ 206,414	\$ 173,523	\$ 373,998	\$ 310,681
Expenses				
Employee compensation	118,481	101,627	235,448	194,847
Occupancy	1,748	2,026	3,520	3,896
Office and other operating	45,061	31,031	81,144	54,728
Depreciation of right-of-use assets	3,060	3,042	6,264	5,810
Depreciation and amortization	11,978	9,164	24,257	15,936
Acquisition and related transition costs (income)	2,421	1,898	4,282	7,080
Share of (profit) loss of joint venture	(539)	96	(1,145)	485
Restructuring costs (recovery)	5,494	270	13,850	221
(Gain) loss on investments	24	(315)	(142)	(503)
Finance costs (income), net - leases	463	582	960	1,152
Finance costs (income), net - other	995	933	2,474	1,511
Profit (loss) before income taxes	17,228	23,169	3,086	25,518
Income tax expense (recovery)	4,729	6,828	2,043	6,540
Profit (loss) for the period	\$ 12,499	\$ 16,341	\$ 1,043	\$ 18,978

Revenues

Revenues were \$206.4 million for the three months ended June 30, 2022, up 19.0% (19.9% on a constant currency basis) or \$32.9 million (\$34.5 million on a constant currency basis), from \$173.5 million in the same period in 2021. Organic Revenue growth was 14.9% (15.8% on a constant currency basis) for the three months ended June 30, 2022. For the six months ended June 30, 2022, revenues were \$374.0 million, up 20.4% (21.5% on a constant currency basis) or \$63.3 million (\$66.9 million on a constant currency basis), from \$310.7 million in the same period in 2021. Organic Revenue growth was 12.9% (14.1% on a constant currency basis) for the six months ended June 30, 2022. For the three and six months ended June 30, 2022, the revenue growth was driven by strong performance at both Altus Analytics and at CRE Consulting.

Employee Compensation

Employee compensation was \$118.5 million for the three months ended June 30, 2022, up 16.6% or \$16.9 million from \$101.6 million in the same period in 2021. For the six months ended June 30, 2022, employee compensation was \$235.4 million, up 20.8% or \$40.6 million from \$194.8 million in the same period in 2021.

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For the three and six months ended June 30, 2022, the increase in compensation was mainly due to headcount additions within Altus Analytics and the acquisitions of Finance Active, StratoDem Analytics and Scryer, Inc. (d/b/a Reonomy) ("Reonomy"). For the three and six months ended June 30, 2022, employee compensation as a percentage of revenues was 57.4% and 63.0%, as compared to 58.6% and 62.7% in the corresponding periods in 2021, respectively.

Occupancy

Occupancy represents amounts pertaining to short-term leases, low-value assets, and variable lease payments and was \$1.7 million for the three months ended June 30, 2022, down 13.7% or \$0.3 million from \$2.0 million in the same period in 2021. For the six months ended June 30, 2022, occupancy was \$3.5 million, down 9.7% or \$0.4 million from \$3.9 million in the same period in 2021. Occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 would have been \$4.8 million and \$9.7 million for the three and six months ended June 30, 2022, as compared to \$5.3 million and \$10.3 million in the corresponding periods in 2021, respectively. The reduction in occupancy was primarily due to our ongoing efforts to rationalize our leased office space in certain markets to increase efficiency. For the three and six months ended June 30, 2022, occupancy as a percentage of revenues was 0.8% and 0.9%, as compared to 1.2% and 1.3% in the corresponding periods in 2021, respectively. Occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 as a percentage of revenues would have been 2.3% and 2.6% for the three and six months ended June 30, 2022, as compared to 3.1% and 3.3% in the corresponding periods in 2021, respectively.

Office and Other Operating Costs

Office and other operating costs were \$45.1 million for the three months ended June 30, 2022, up 45.2% or \$14.1 million from \$31.0 million in the same period in 2021. For the six months ended June 30, 2022, office and other operating costs were \$81.1 million, up 48.3% or \$26.4 million from \$54.7 million in the same period in 2021. For the three and six months ended June 30, 2022, the increase was primarily due to acquisitions, professional fees for strategic advisory work, and increased Information Technology spend post the cybersecurity incident. For the three and six months ended June 30, 2022, office and other operating costs as a percentage of revenues were 21.8% and 21.7%, as compared to 17.9% and 17.6% in the corresponding periods in 2021, respectively.

Depreciation of Right-of-Use Assets

Depreciation of right-of-use assets was \$3.1 million and \$6.3 million for the three and six months ended June 30, 2022, as compared to \$3.0 million and \$5.8 million in the corresponding periods in 2021, respectively. The increase for the six months ended June 30, 2022 was primarily due to the acquisition of the Finance Active and Reonomy office leases, with some benefits being realized for the three months ended June 30, 2022 related to our ongoing efforts to rationalize our leased office space.

Depreciation and Amortization

Depreciation and amortization were \$12.0 million and \$24.3 million for the three and six months ended June 30, 2022, as compared to \$9.2 million and \$15.9 million in the corresponding periods in 2021, respectively. The increase was mainly due to the recognition and the amortization of intangible assets related to recent acquisitions.

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Acquisition and Related Transition Costs (Income)

Acquisition and related transition costs (income) were \$2.4 million and \$4.3 million for the three and six months ended June 30, 2022, as compared to \$1.9 million and \$7.1 million in the corresponding periods in 2021, respectively. Costs incurred for the three and six months ended June 30, 2022 were primarily related to the acquisition of Rethink Solutions and the ongoing integrations of Finance Active and Reonomy. Costs incurred for the three and six months ended June 30, 2021 were related to the acquisitions of Finance Active and StratoDem Analytics.

Share of (Profit) Loss of Joint Venture

Share of (profit) loss of joint venture represents our share of the profit/loss in GeoVerra, and was \$(0.5) million and \$(1.1) million for the three and six months ended June 30, 2022, as compared to \$0.1 million and \$0.5 million in the corresponding periods in 2021, respectively.

Restructuring Costs (Recovery)

Restructuring costs (recovery) were \$5.5 million and \$13.9 million for the three and six months ended June 30, 2022, as compared to \$0.3 million and \$0.2 million in the corresponding periods in 2021, respectively. Costs incurred in the quarter relate to our 2022 global restructuring program, which primarily related to employee severance costs reflecting the synergies we're obtaining from recent acquisitions, efficiencies gained from investments in technology, and the ongoing evolution of our target operating models in support of our strategic initiatives. The remainder of the costs of approximately \$0.5 million related to our ongoing efforts to rationalize our leased office space in certain markets. This has allowed us to offer our employees a flexible hybrid working model, increase efficiency and achieve synergies with recent acquisitions. We expect this program to continue throughout the remainder of the year.

(Gain) Loss on Investments

(Gain) loss on investments was \$nil and \$(0.1) million for the three and six months ended June 30, 2022, as compared to \$(0.3) million and \$(0.5) million in the corresponding periods in 2021, respectively. The amount represents changes in the fair value of our investments in partnerships.

Finance Costs (Income), Net

<i>In thousands of dollars</i>	Three months ended June 30,			Six months ended June 30,		
	2022	2021	% Change	2022	2021	% Change
Interest on borrowings	\$ 2,501	\$ 861	190.5%	\$ 4,031	\$ 1,461	175.9%
Interest on lease liabilities	463	582	(20.4%)	960	1,152	(16.7%)
Interest - other	22	91	(75.8%)	62	94	(34.0%)
Change in fair value of interest rate swaps	(1,504)	-	(100.0%)	(1,504)	-	(100.0%)
Finance income	(24)	(19)	26.3%	(115)	(44)	161.4%
Finance costs (income), net	\$ 1,458	\$ 1,515	(3.7%)	\$ 3,434	\$ 2,663	29.0%

Finance costs (income), net for the three months ended June 30, 2022 was \$1.5 million, in line with the same period in 2021. For the six months ended June 30, 2022, finance costs (income), net was \$3.4 million, up 29.0% or \$0.7 million from \$2.7 million in the same period in 2021. Our finance costs for the six months ended June 30, 2022 increased due primarily to higher interest on our bank credit facilities drawn for recent

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acquisitions, partially offset by the change in fair value of our interest rate swaps, and lower interest costs on our leases.

Income Tax Expense (Recovery)

Income tax expense (recovery) for the three and six months ended June 30, 2022 was \$4.7 million and \$2.0 million, as compared to \$6.8 million and \$6.5 million in the corresponding periods in 2021, respectively. A significant amount of our earnings is derived outside of Canada and as a result a change in the mix of earnings and losses in countries with differing statutory tax rates has impacted our effective tax rates for the three and six months ended June 30, 2022.

Profit (Loss)

Profit (loss) for the three months ended June 30, 2022 was \$12.5 million and \$0.28 per share, basic and diluted, as compared to \$16.3 million and \$0.40 per share, basic and \$0.39 per share, diluted, in the same period in 2021. For the six months ended June 30, 2022, profit (loss) was \$1.0 million and \$0.02 per share, basic and diluted, as compared to \$19.0 million and \$0.47 per share, basic and \$0.45 per share, diluted, in the same period in 2021.

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Revenues and Adjusted EBITDA by Business Unit

Revenues	Three months ended June 30,				Six months ended June 30,			
	2022	2021	% Change	Constant Currency % Change	2022	2021	% Change	Constant Currency % Change
<i>In thousands of dollars</i>								
Altus Analytics	\$ 82,133	\$ 59,336	38.4%	37.0%	\$ 162,443	\$ 113,576	43.0%	43.2%
Commercial Real Estate Consulting	124,456	114,263	8.9%	11.1%	211,905	197,256	7.4%	9.1%
Intercompany eliminations	(175)	(76)	(130.3%)	(131.8%)	(350)	(151)	(131.8%)	(132.6%)
Total	\$ 206,414	\$ 173,523	19.0%	19.9%	\$ 373,998	\$ 310,681	20.4%	21.5%

Adjusted EBITDA	Three months ended June 30,				Six months ended June 30,			
	2022	2021	% Change	Constant Currency % Change	2022	2021	% Change	Constant Currency % Change
<i>In thousands of dollars</i>								
Altus Analytics	\$ 13,758	\$ 8,929	54.1%	49.0%	\$ 24,989	\$ 19,141	30.6%	28.8%
Commercial Real Estate Consulting	46,559	42,402	9.8%	13.7%	62,780	57,408	9.4%	12.5%
Corporate	(10,574)	(9,092)	(16.3%)	(17.7%)	(20,285)	(17,070)	(18.8%)	(19.8%)
Total	\$ 49,743	\$ 42,239	17.8%	20.3%	\$ 67,484	\$ 59,479	13.5%	15.7%

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Altus Analytics

In thousands of dollars	Three months ended June 30,				Six months ended June 30,			
	2022	2021	% Change	Constant Currency % Change	2022	2021	% Change	Constant Currency % Change
Revenues	\$ 82,133	\$ 59,336	38.4%	37.0%	\$ 162,443	\$ 113,576	43.0%	43.2%
Adjusted EBITDA	\$ 13,758	\$ 8,929	54.1%	49.0%	\$ 24,989	\$ 19,141	30.6%	28.8%
Adjusted EBITDA Margin	16.8%	15.0%			15.4%	16.9%		
Other Measures ⁽¹⁾								
Bookings	\$ 23,453	\$ 22,123	6.0%	5.1%	\$ 51,502	\$ 43,421	18.6%	18.5%
Over Time Revenues	\$ 70,912	\$ 50,123	41.5%	40.6%	\$ 138,960	\$ 92,911	49.6%	49.6%
AE software maintenance retention rate	95%	94%			95%	94%		
Geographical revenue split								
North America	78%	72%			77%	76%		
International	22%	28%			23%	24%		
Cloud adoption rate (as at end of period)					52%	26%		

⁽¹⁾ Altus Group uses certain supplementary financial and other measures such as Bookings, Organic Bookings, Over Time Revenues, AE software maintenance retention rate and cloud adoption rate. Since these measures are not standard measures under GAAP, they may not be comparable to similar measures reported by other entities. Refer to the "Non-GAAP and Other Measures" section for more information on each measure.

Quarterly Discussion

Revenues were \$82.1 million for the three months ended June 30, 2022, up 38.4% (37.0% on a constant currency basis) or \$22.8 million (\$21.9 million on a constant currency basis), from \$59.3 million in the same period in 2021. Organic Revenue growth was 27.7% (26.3% on a constant currency basis) whereas the acquisitions of StratoDem Analytics and Reonomy represented 10.7% of the total 38.4% revenue growth. Finance Active revenue contribution is now included in the determination of Organic Revenue. The impact from the purchase price accounting adjustment to Reonomy's deferred revenues was \$0.5 million, or 0.9% to revenue growth.

Over Time Revenues were \$70.9 million for the three months ended June 30, 2022, up 41.5% (40.6% on a constant currency basis) or \$20.8 million (\$20.3 million on a constant currency basis), from \$50.1 million in the same period in 2021. On an organic basis, Over Time Revenues were up 28.8% (up 27.9% on a constant currency basis). We had strong double-digit growth across all our key solutions, with robust customer expansion as well as new customer additions. While the majority of our growth continues to come from North America, we also posted notable growth internationally, both in EMEA and APAC. Sequentially, Over Time Revenues grew 4.2% (4.5% on a constant currency basis), from \$68.0 million in the first quarter of 2022.

Bookings in the three months ended June 30, 2022 increased by 6.0% year-over-year (5.1% on a constant currency basis) from \$22.1 million to \$23.5 million. Organic growth in Bookings was (1.5%) ((2.4%) on a constant currency basis) from the same period in 2021. Bookings that are recurring in nature were up significantly. Bookings that relate to one-time engagements were down, due to a number of sizeable

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one-time projects that closed in the second quarter of 2021 that did not recur.

Adjusted EBITDA was \$13.8 million for the three months ended June 30, 2022, up 54.1% (49.0% on a constant currency basis) or \$4.9 million (\$4.4 million on a constant currency basis), from \$8.9 million in the same period in 2021. Adjusted EBITDA growth benefitted from higher revenues, improving operating efficiencies and ongoing cost optimization efforts. Additionally, the purchase price accounting adjustments to Reonomy's deferred revenues negatively impacted Adjusted EBITDA by \$0.5 million and had a 0.5% impact to Adjusted EBITDA margin. While gradually improving, Reonomy's Adjusted EBITDA performance continues to impact margins. We anticipate achieving additional synergies in the second half of the year.

Year-to-Date Discussion

Revenues were \$162.4 million for the six months ended June 30, 2022, up 43.0% (43.2% on a constant currency basis) or \$48.8 million (\$49.1 million on a constant currency basis), from \$113.6 million in the same period in 2021. Organic Revenue growth was 23.3% (23.3% on a constant currency basis) whereas the acquisitions of Finance Active, StratoDem Analytics and Reonomy represented 19.8% of the total 43.0% revenue growth. The impact from the purchase price accounting adjustment to Finance Active's and Reonomy's deferred revenues was \$1.5 million, or 1.4% to revenue growth.

Over Time Revenues were \$139.0 million for the six months ended June 30, 2022, up 49.6% (49.6% on a constant currency basis) or \$46.0 million (\$46.1 million on a constant currency basis), from \$92.9 million in the same period in 2021. On an organic basis, Over Time Revenues were up 26.2% (up 26.3% on a constant currency basis). Growth benefitted from higher sales across all our key solutions, with strong customer expansion as well as new customer additions.

Bookings in the six months ended June 30, 2022 increased by 18.6% year-over-year (18.5% on a constant currency basis) from \$43.4 million to \$51.5 million. Organic growth in Bookings was 7.1% (7.0% on a constant currency basis) from the same period in 2021.

Adjusted EBITDA was \$25.0 million for the six months ended June 30, 2022, up 30.6% (28.8% on a constant currency basis) or \$5.9 million (\$5.5 million on a constant currency basis), from \$19.1 million in the same period in 2021. Adjusted EBITDA improved on higher revenues, although was impacted by the results of Reonomy, purchase price accounting adjustments totaling \$1.5 million to Finance Active's and Reonomy's deferred revenues, as well as higher investment related to accelerating our data strategy. The purchase price accounting adjustments had a 0.7% impact to Adjusted EBITDA margin. Margins were also impacted by the full quarter impact of Reonomy which does not yet fully reflect the anticipated synergies that are expected to be achieved in the second half of the year.

Outlook¹

Our Altus Analytics business segment continues to have an attractive growth outlook, supported by favourable market trends of growing global demand for CRE-related actionable intelligence solutions. We remain well positioned to deliver sustained growth over the long term through the execution of our multi-year strategy. Reflecting the strength of the business in 2021 and the contributions from the acquisitions we

¹ Refer to the "Forward-Looking Information" section on page 1 of this MD&A for further discussions of the risks and assumptions relating to this outlook.

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made, we are well positioned for another strong year to drive sustained double-digit year-over-year revenue growth in 2022, including double-digit organic total and Over Time Revenue growth, both on a constant currency basis. We also expect double-digit year-over-year growth in our Adjusted EBITDA, on a constant currency basis, which should translate to a year-over-year improvement in our Adjusted EBITDA margins for full year 2022, particularly in the second half as we capture integration synergies from recent acquisitions.

Key drivers of expected organic growth in 2022 include continued high overall sales across all of our key solutions (including customer expansion and the steady addition of new clients globally), and the stacking effect of a growing subscription model. Growth from acquisitions, primarily reflected in our Over Time Revenues, will include the contributions of Finance Active, StratoDem Analytics and Reonomy. As many of our solutions are considered to be mission critical by our customers, we expect to maintain very high contract renewal rates for our Altus Analytics solutions.

During 2021 and continuing into this year, we have made a number of operational changes that are driving strong sales execution and operating efficiencies that we expect will be a key driver of performance. The evolution of our go-to-market plans under a globally unified, client-focused model has notably increased our opportunities for wallet share expansion as our sales professionals are well equipped to sell the whole suite of Analytics' solutions, in combination with our client engagement activities that will help align our customer needs with our expanded Intelligence as a Service solution set. In addition, our revamped customer success program is focused on enhancing customer value that we expect will translate to increased customer satisfaction and improvements in our net and gross retention. It also increases capacity in our go-to-market and service delivery teams. Finally, we expect to realize operating efficiencies and improvements from our new global operating model and restructuring activities through the year.

The migration of on-premise AE users to cloud-based subscription contracts is ongoing, and we expect to make significant progress in 2022. With 52% of AE users contracted on the cloud at the end of the second quarter of 2022, we expect to maintain good momentum through the rest of 2022 targeting to finish the year in the low-to-mid-60s of our AE users contracted to the cloud. We continue to expect that the large majority of our AE users will be contracted to the cloud by the end of 2023. The enhancements to cloud-enabled AE 14, launched in late 2021, are expected to be an influential consideration for larger firms. Additionally, the end of support for AE 12.1 or older as of June 30, 2022 is expected to be another catalyst for the clients who are still on that version.

As supported by the acceleration of our growth rates and strong Bookings performance, we are on track to meet our aspirational long-term goal of achieving revenues of \$400 million by the end of 2023. Our goal is to steadily improve our Adjusted EBITDA margins each year, driven by the anticipated long-term revenue growth, improving operating efficiencies from the execution of our 2022 strategic priorities, and balancing investments with disciplined expense management.

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Commercial Real Estate Consulting

<i>In thousands of dollars</i>	Three months ended June 30,				Six months ended June 30,			
	2022	2021	% Change	Constant Currency % Change	2022	2021	% Change	Constant Currency % Change
Revenues								
Property Tax	\$ 93,543	\$ 86,693	7.9%	10.5%	\$ 152,011	\$ 141,363	7.5%	9.5%
Valuation and Cost Advisory	30,913	27,570	12.1%	12.9%	59,894	55,893	7.2%	8.1%
Revenues	\$ 124,456	\$ 114,263	8.9%	11.1%	\$ 211,905	\$ 197,256	7.4%	9.1%
Adjusted EBITDA								
Property Tax	\$ 42,051	\$ 39,684	6.0%	10.0%	\$ 55,358	\$ 50,798	9.0%	12.5%
Valuation and Cost Advisory	4,508	2,718	65.9%	67.0%	7,422	6,610	12.3%	12.9%
Adjusted EBITDA	\$ 46,559	\$ 42,402	9.8%	13.7%	\$ 62,780	\$ 57,408	9.4%	12.5%
Adjusted EBITDA Margin	37.4%	37.1%			29.6%	29.1%		

Quarterly Discussion

Revenues were \$124.5 million for the three months ended June 30, 2022, up 8.9% (11.1% on a constant currency basis) or \$10.2 million (\$12.7 million on a constant currency basis), from \$114.3 million in the same period in 2021.

Property Tax revenues were \$93.5 million, up 7.9% (10.5% on a constant currency basis), with most of the growth being organic. The growth was driven by strong performance in the U.S. benefitting from increased seasonal case settlements and higher valuations that created increased opportunities for bigger wins. In the U.K., revenue growth was modest, impacted by foreign currency headwinds that overshadowed the double-digit constant currency growth. The U.K. continues to be impacted by the ongoing slowdown in settlement activity volumes, however, our pipeline of cases to be settled in upcoming quarters remains robust. The annuity billings in the U.K. were a significant contributor in the quarter, representing \$33.2 million in revenues (compared to \$25.7 million in the second quarter of 2021), the increase reflecting a higher cumulative number of the 2017 cycle cases settled. In Canada, revenue performance was largely consistent with the second quarter of 2021; declines in Western Canada were offset by stable performance in Ontario and modest growth in Eastern Canada, reflecting timing of certain market cycles. Our Valuation and Cost Advisory businesses benefitted from moderate growth at both businesses, as well as a lower compare in the same quarter last year which included the impact of the cybersecurity incident.

Adjusted EBITDA was \$46.6 million for the three months ended June 30, 2022, up 9.8% (13.7% on a constant currency basis) or \$4.2 million (\$5.8 million on a constant currency basis), from \$42.4 million in the same period in 2021. Earnings improved on increased revenues from Property Tax which benefitted largely from the incremental annuity billings in the U.K. which effectively flowed directly to the bottom line, as well as strong results from our Valuation and Cost Advisory businesses.

Management's Discussion & Analysis

June 30, 2022



Year-to-Date Discussion

Revenues were \$211.9 million for the six months ended June 30, 2022, up 7.4% (9.1% on a constant currency basis) or \$14.6 million (\$18.0 million on a constant currency basis), from \$197.3 million in the same period in 2021.

Property Tax revenues were \$152.0 million, up 7.5% (9.5% on a constant currency basis). The growth year to date is driven by strong performance in the U.S., while Canada is flat and the U.K. modestly down. The U.S. has benefitted from a rebound in case settlements following the impact of COVID-19-related delays experienced last year, some seasonality in the second quarter, and higher valuations that created increased opportunities for bigger wins. Performance in Canada has been steady largely due to where certain markets fall in their cycles. In the U.K., constant currency growth has been offset by foreign currency headwinds and ongoing impact from the slowdown in settlement activity volumes. Our Valuation and Cost Advisory businesses were up year-over-year benefitting from moderate growth at both businesses, as well as a lower compare in the same period last year which included the impact of the cybersecurity incident.

Adjusted EBITDA was \$62.8 million for the six months ended June 30, 2022, up 9.4% (12.5% on a constant currency basis) or \$5.4 million (\$7.2 million on a constant currency basis), from \$57.4 million in the same period in 2021. Earnings improved on increased revenues from our U.S. Property Tax business.

Outlook²

Our leading, global Property Tax practice continues to represent an attractive growth opportunity over the next several years in a consolidating industry with increasing digital transformation. As digital transformation in the CRE sector advances, digitally-enabled property tax management offers increasing opportunities to derive more value from real estate assets and portfolios. We expect to continue investing in technology and people to accelerate the digital transformation of our work processes and increase our offerings of digital products and services.

Consistent with the strong performance trends over the past couple of years, Property Tax remains well positioned to deliver another record revenue and Adjusted EBITDA in 2022 on a constant currency basis. Our full year outlook for 2022 is supported by a significant pipeline of cases to be settled in all three geographical markets, as well as a healthy backlog of new sales bookings achieved by our business development activities, and record annuity billings in the U.K. Given the seasonal and cyclical variations of the Property Tax business (as discussed in more detail on page 31 of this MD&A), we expect to experience typical quarterly variability in our financial performance, including the second quarter being our seasonally strongest quarter. As experienced in 2021, the ongoing COVID-19 pandemic could continue to potentially impact some of these typical variations, and cause some short-term disruption related to the anticipated timing of settlements.

2022 marks the final year of the extended Ontario and U.K. tax cycles, which also makes it the final year of the associated annuity billings in the U.K. for that cycle. As the new U.K. and Ontario cycles begin in 2023, the U.K. annuity billings will reset before they start to ramp up in 2024, and Ontario settlements will take time to accelerate as the front end of the cycle has historically been slower. As a result, 2023 revenues and Adjusted EBITDA are expected to be below 2022 levels as the anticipated growth from other markets is not expected to fully offset the financial impact of the cyclicity of our U.K. annuity billings.

² Refer to the "Forward-Looking Information" section on page 1 of this MD&A for further discussions of the risks and assumptions relating to this outlook.

Management's Discussion & Analysis

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Our Valuation and Cost Advisory practices enjoy significant market share and, as a result, have been growing modestly. Our focus in 2022 is to continue to unlock operating efficiencies supported by technology, which we expect to enhance our operating margins.

Corporate Costs

Quarterly Discussion

Corporate costs were \$10.6 million for the three months ended June 30, 2022, as compared to \$9.1 million in the same period in 2021. Corporate costs increased primarily due to higher expenditures in Information Technology, professional fees, and costs related to organizational and strategic initiatives.

Year-to-Date Discussion

Corporate costs were \$20.3 million for the six months ended June 30, 2022, as compared to \$17.1 million in the same period in 2021. Corporate costs increased primarily due to higher expenditures in Information Technology, compensation, travel, professional fees, and costs related to organizational and strategic initiatives.

Liquidity and Capital Resources

Cash Flow	Three months ended June 30,		Six months ended June 30,	
<i>In thousands of dollars</i>	2022	2021	2022	2021
Net cash related to operating activities	\$ 32,653	\$ 36,204	\$ 25,453	\$ 39,935
Net cash related to financing activities	26,176	116,321	32,580	114,469
Net cash related to investing activities	(37,103)	(146,171)	(39,732)	(147,644)
Effect of foreign currency translation	(1,446)	(1,347)	(2,448)	(2,318)
Change in cash position during the period	\$ 20,280	\$ 5,007	\$ 15,853	\$ 4,442
Dividends paid	\$ 5,847	\$ 5,166	\$ 11,878	\$ 10,603

We expect to fund operations with cash on hand and cash derived from operating activities. Deficiencies arising from short-term working capital requirements and capital expenditures may be financed on a short-term basis with bank indebtedness or on a permanent basis with offerings of securities. Our liquidity may be affected by a reduction to future cash generated from operating activities, or by a limitation of access to short-term financing and tightening credit markets due to factors such as: significant erosion in the general state of the economy, prolonged impacts of the COVID-19 pandemic, or further unforeseen impacts of the cybersecurity incident. In 2022, we further amended and expanded our bank credit facilities to continue strengthening our financial and liquidity position. For further details regarding the amendments, refer to the "Cash from Financing Activities" discussion below and Note 12 - Borrowings in the notes to the interim financial statements.

Management's Discussion & Analysis

June 30, 2022



Cash from Operating Activities

Working Capital			
<i>In thousands of dollars</i>	June 30, 2022		December 31, 2021
Current assets	\$	310,964	\$ 283,734
Current liabilities		217,910	209,931
Working capital	\$	93,054	\$ 73,803

Current assets are composed primarily of cash and cash equivalents and trade receivables and other (including a \$1.6 million related party receivable from our GeoVerra joint venture related mainly to the settlement of our initial contributions and other normal course transactions, which are related party transactions, as described in the notes to our annual financial statements for the year ended December 31, 2021). It also includes income taxes recoverable and derivative financial instruments for our equity hedges on RSUs and DSUs. The increase is primarily due to the generation of cash and cash equivalents and additional contract assets (unbilled revenue on customer contracts) from operations.

Current liabilities are composed primarily of trade payables and other, and lease liabilities. It also includes income taxes payable. The increase is primarily due to the increase in contract liabilities (deferred revenue), and restructuring provisions related to our 2022 global restructuring program.

As at June 30, 2022, trade receivables, net and contract assets (unbilled revenue on customer contracts) net of contract liabilities (deferred revenue) was \$129.1 million, up 2.5% or \$3.4 million from \$125.7 million as at December 31, 2021. As a percentage of the trailing 12-month revenues, trade receivables and unbilled revenue on customer contracts net of deferred revenue was 18.7% as at June 30, 2022, as compared to 19.2% as at December 31, 2021.

Our DSO was 66 days as at June 30, 2022, as compared to 72 days as at December 31, 2021, representing our ability to convert revenue into cash returning back to pre-COVID levels, in addition to our revenue mix continuing to increasingly shift to a subscription-based model under which our customers are billed on or in advance of the commencement of agreements.

Current and long-term liabilities include amounts owing to the vendors of acquired businesses on account of excess working capital, contingent consideration payable, deferred purchase price payments and other closing adjustments. As at June 30, 2022, the amounts owing to the vendors of acquired businesses were \$8.2 million, as compared to \$10.0 million as at December 31, 2021. We intend to satisfy the payments with cash on hand.

We expect to satisfy the balance of our current liabilities through the realization of our current assets.

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Changes in working capital affecting net cash generated by (used in) operations		
<i>In thousands of dollars</i>	June 30, 2022	June 30, 2021
Net changes in:		
Operating working capital	\$ (12,596)	\$ (24,024)
Liabilities for cash-settled share-based compensation	(11,909)	2,754
Deferred consideration payables	(3,642)	8,691
Contingent consideration payables	3,009	(47)
Net changes	\$ (25,138)	\$ (12,626)

Operating working capital is composed primarily of trade receivables and other, trade payables and other excluding the impacts of liabilities for cash-settled share-based compensation and contingent consideration payables, and income taxes recoverable and payable. The movement in operating working capital was primarily driven by additional contract assets resulting from increased activity levels, offset by a decrease in our trade receivables due to improved cash collections.

Liabilities for cash-settled share-based compensation represent awards granted through our Long-Term Incentive Restricted Share Unit Plan, Restricted Share Unit Plan, or Deferred Share Unit Plan, which are to be settled in the future. These liabilities are linked, and therefore exposed, to movements in the price of our common shares. The decrease in liabilities for cash-settled share-based compensation was primarily due to the decrease in the closing price of our common shares from \$70.97 per share on December 31, 2021 to \$44.59 per share on June 30, 2022. For further details regarding liabilities for cash-settled share-based compensation, refer to Note 15 - Share-based Compensation in the notes to the interim financial statements.

From time to time, we become party to deferred or contingent consideration payables which are assumed as part of an acquisition. Deferred consideration payments represent unconditional portions of the purchase consideration of our acquisitions that are payable at a date after the closing date of the related transaction. The decrease in deferred consideration payables was due to the payment made in relation to our acquisition of Finance Active in April of 2021. Contingent consideration payments are generally based on acquired businesses achieving certain future-oriented performance targets from the date of acquisition and may differ from our initial estimates. The movement in contingent consideration payables was primarily due to the recognition of a \$3.0 million contingent consideration payable related to the acquisition of Rethink Solutions during the quarter.

Cash from Financing Activities

Our revolving bank credit facilities are unsecured and used for general corporate purposes and the funding of our acquisitions. From time to time, we amend our bank credit facilities to further strengthen our financial and liquidity position. Most recently, on June 28, 2022, we further amended our bank credit facilities to increase our borrowing capacity from \$400.0 million to \$550.0 million, with certain provisions that allow us to further increase the limit to \$650.0 million. The bank credit facilities mature on March 24, 2027, with an additional two-year extension available at our option.

As at June 30, 2022, our total borrowings on our bank credit facilities amounted to \$345.0 million, an increase of \$56.0 million from December 31, 2021, primarily to fund the acquisition of Rethink Solutions as well as working capital and operational requirements. We intend to continue paying down the total outstanding balance with cash flows generated from our operations.

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Loans under the bank credit facilities bear interest at a floating rate, based on the Canadian Prime rates, Canadian Bankers' Acceptance rates, U.S. Base rates, or SONIA, SOFR, and €STR rates plus, in each case, an applicable margin to those rates. The applicable margin for Canadian Bankers' Acceptance and SONIA, SOFR, and €STR borrowings depends on a trailing four-quarter calculation of the funded debt to EBITDA ratio. The weighted average effective rate of interest for the three and six months ended June 30, 2022 on our bank credit facilities was 2.89% and 2.90%, as compared to 1.28% and 2.56% in the corresponding periods in 2021, respectively. To mitigate our exposure to interest rate fluctuations, on April 29, 2022, we entered into interest rate swap agreements for a total notional amount of GBP57.0 million to pay the counterparties a fixed interest rate of 2.07% per annum in exchange for an amount equal to the GBP - SONIA.

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

- Maximum Funded Debt to EBITDA ratio: maximum of 4.50:1
- Minimum Interest Coverage ratio: minimum of 3.00:1

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 we receive proceeds of insurance, equity or debt issuances, or sale of assets in excess of certain thresholds. Letters of credit are also available on customary terms for bank credit facilities of this nature. Furthermore, we have provided a security interest to the lenders over certain of our assets in connection with the bank credit facilities.

We also have outstanding letters of credit under our bank credit facilities in the total amount of \$1.5 million (December 31, 2021 - \$1.5 million).

As at June 30, 2022, we have guaranteed up to \$1.5 million in connection with vehicle leases and related services entered into by GeoVerra (December 31, 2021 - \$1.5 million).

As at June 30, 2022, we were in compliance with the financial covenants and other requirements of our amended bank credit facilities. The financial covenants are summarized below:

	June 30, 2022
Funded debt to EBITDA (maximum of 4.50:1)	2.63:1
Interest coverage (minimum of 3.00:1)	19.95:1

Management's Discussion & Analysis

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Other than long-term debt and letters of credit, we are subject to other contractual obligations, such as leases and amounts owing to the vendors of acquired businesses as discussed above.

Contractual Obligations ⁽¹⁾	Payments Due by Period (undiscounted)				
	Total	Less than			
<i>In thousands of dollars</i>		1 year	1 to 3 years	4 to 5 years	Over 5 years
Bank credit facilities	\$ 345,032	\$ -	\$ -	\$ 345,032	\$ -
Lease obligations	67,122	15,472	25,991	14,558	11,101
Deferred consideration payables	3,238	1,619	1,619	-	-
Contingent consideration payables	3,200	-	3,200	-	-
Other liabilities	175,768	136,398	20,397	4,071	14,902
Total contractual obligations	\$ 594,360	\$ 153,489	\$ 51,207	\$ 363,661	\$ 26,003

⁽¹⁾ Contractual obligations exclude aggregate unfunded capital contributions of \$4.2 million to certain partnerships as the amount and timing of such payments are uncertain.

Cash from Investing Activities

We invest in property, plant and equipment and intangible assets to support the activities of the business. Capital expenditures for accounting purposes include property, plant and equipment in substance and in form, and intangible assets.

Capital expenditures are reconciled as follows:

Capital Expenditures	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
<i>In thousands of dollars</i>				
Property, plant and equipment additions	\$ 1,243	\$ 1,241	\$ 2,339	\$ 1,730
Intangibles additions	5,633	1,319	7,042	2,267
Capital expenditures	\$ 6,876	\$ 2,560	\$ 9,381	\$ 3,997

We are making additional investments in 2022 to transform our internal systems across all of Altus Group for how we operate, collaborate and go-to-market which includes upgrading our finance back-office systems, optimizing CRM front offices systems, investing in our global human resources systems, and simplifying our solution architecture. These incremental investments will simplify how we engage with our employees and customers and maximize our internal systems to efficiently and effectively scale as we continue to grow and enhance our productivity metrics.

Management's Discussion & Analysis

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Reconciliation of Adjusted EBITDA to Profit (Loss)

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

<i>In thousands of dollars</i>	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Adjusted EBITDA	\$ 49,743	\$ 42,239	\$ 67,484	\$ 59,479
Occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 ⁽¹⁾	3,037	3,309	6,220	6,428
Depreciation of right-of-use assets	(3,060)	(3,042)	(6,264)	(5,810)
Depreciation of property, plant and equipment and amortization of intangibles	(11,978)	(9,164)	(24,257)	(15,936)
Acquisition and related transition (costs) income	(2,421)	(1,898)	(4,282)	(7,080)
Unrealized foreign exchange gain (loss) ⁽²⁾	903	(323)	293	(742)
Gain (loss) on disposal of right-of-use assets, property, plant and equipment and intangibles ⁽²⁾	-	5	13	243
Share of profit (loss) of joint venture	539	(96)	1,145	(485)
Non-cash share-based compensation costs ⁽³⁾	(5,584)	(4,980)	(10,204)	(7,412)
Gain (loss) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged ⁽³⁾	(1,780)	(449)	(4,221)	176
Restructuring (costs) recovery	(5,494)	(270)	(13,850)	(221)
Gain (loss) on investments ⁽⁴⁾	(24)	315	142	503
Other non-operating and/or non-recurring income (costs) ⁽⁵⁾	(5,195)	(962)	(5,699)	(962)
Earnings (loss) before finance costs and income taxes	18,686	24,684	6,520	28,181
Finance (costs) income, net - leases	(463)	(582)	(960)	(1,152)
Finance (costs) income, net - other	(995)	(933)	(2,474)	(1,511)
Profit (loss) before income taxes	17,228	23,169	3,086	25,518
Income tax (expense) recovery	(4,729)	(6,828)	(2,043)	(6,540)
Profit (loss) for the period	\$ 12,499	\$ 16,341	\$ 1,043	\$ 18,978

⁽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 six months ended June 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 our leadership team. For the three and six months ended June 30, 2021, other non-operating and/or non-recurring income (costs) relate to costs relating to the June 13, 2021 cybersecurity incident. These are included in office and other operating expenses in the interim condensed consolidated statements of comprehensive income (loss).

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Reconciliation of Adjusted Earnings (Loss) Per Share to Profit (Loss)

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

<i>In thousands of dollars, except for per share amounts</i>	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Profit (loss) for the period	\$ 12,499	\$ 16,341	\$ 1,043	\$ 18,978
Occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 ⁽¹⁾	(3,037)	(3,309)	(6,220)	(6,428)
Depreciation of right-of-use assets	3,060	3,042	6,264	5,810
Finance costs (income), net - leases	463	582	960	1,152
Amortization of intangibles of acquired businesses	9,574	7,971	20,006	13,488
Unrealized foreign exchange loss (gain)	(903)	323	(293)	742
Loss (gain) on disposal of right-of-use assets, property, plant and equipment and intangibles	-	(5)	(13)	(243)
Non-cash share-based compensation costs	5,584	4,980	10,204	7,412
Loss (gain) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged	1,780	449	4,221	(176)
Interest accretion on contingent consideration payables	-	-	6	-
Restructuring costs (recovery)	5,494	270	13,850	221
Loss (gain) on hedging transactions, including currency forward contracts and interest expense (income) on swaps	(1,504)	-	(1,504)	-
Acquisition and related transition costs (income)	2,421	1,898	4,282	7,080
Loss (gain) on investments	24	(315)	(142)	(503)
Share of loss (profit) of joint venture	(539)	96	(1,145)	485
Other non-operating and/or non-recurring costs (income)	5,195	962	5,699	962
Tax impact on above	(5,470)	(2,006)	(10,621)	(3,942)
Adjusted earnings (loss) for the period	\$ 34,641	\$ 31,279	\$ 46,597	\$ 45,038
Weighted average number of shares - basic	44,507,718	41,049,045	44,339,681	40,801,797
Weighted average number of restricted shares	626,009	586,221	653,752	491,652
Weighted average number of shares - adjusted	45,133,727	41,635,266	44,993,433	41,293,449
Adjusted earnings (loss) per share ⁽²⁾	\$0.77	\$0.75	\$1.04	\$1.09

⁽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⁾ Refer to page 4 of this MD&A for the definition of Adjusted EPS.

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Summary of Quarterly Results

In thousands of dollars, except for per share amounts	2022		2021				2020			
	Jun 30	Mar 31	Fiscal 2021	Dec 31	Sep 30	Jun 30	Mar 31	Fiscal 2020	Dec 31	Sep 30
Results of Operations										
Revenues	\$ 206,414	\$ 167,584	\$ 625,387	\$ 162,909	\$ 151,797	\$ 173,523	\$ 137,158	\$ 561,156	\$ 139,480	\$ 134,950
Adjusted EBITDA	\$ 49,743	\$ 17,741	\$ 109,755	\$ 25,861	\$ 24,415	\$ 42,239	\$ 17,240	\$ 98,928	\$ 26,734	\$ 24,047
Adjusted EBITDA margin	24.1%	10.6%	17.5%	15.9%	16.1%	24.3%	12.6%	17.6%	19.2%	17.8%
Profit (loss) for the period from continuing operations	\$ 12,499	\$ (11,456)	\$ 25,573	\$ 6,890	\$ (295)	\$ 16,341	\$ 2,637	\$ 27,009	\$ 4,622	\$ 9,297
Profit (loss) for the period from discontinued operations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,576)	\$ (276)	\$ (130)
Basic earnings (loss) per share:										
Continuing operations	\$0.28	\$(0.26)	\$0.62	\$0.16	\$(0.01)	\$0.40	\$0.07	\$0.67	\$0.11	\$0.23
Discontinued operations	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$(0.14)	\$(0.01)	\$0.00
Diluted earnings (loss) per share:										
Continuing operations	\$0.28	\$(0.26)	\$0.60	\$0.15	\$(0.01)	\$0.39	\$0.06	\$0.66	\$0.11	\$0.22
Discontinued operations	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$(0.14)	\$(0.01)	\$0.00
Adjusted earnings (loss) per share	\$0.77	\$0.27	\$1.90	\$0.42	\$0.39	\$0.75	\$0.34	\$1.67	\$0.44	\$0.40
Weighted average number shares ('000s):										
Basic	44,508	44,171	41,684	43,945	41,159	41,049	40,552	40,159	40,380	40,240
Diluted	45,179	44,171	42,899	45,269	41,159	42,116	41,642	41,209	41,532	41,348

Our global Property Tax practice (which made up approximately 45% of total consolidated revenues in Q2 2022) is subject to seasonal and cyclical variations which may impact overall quarterly results, which variations have been more pronounced from time to time during the COVID-19 pandemic. Significant fluctuations on a quarterly basis arise as a result of the timing of contingency settlements and other factors, such as the wide-ranging variety of tax cycles across our various jurisdictions (which range from annual to seven-year cycles). We also experience some seasonal peaks in the U.K. and U.S. markets. In the U.K., the second quarter benefits from annuity billing starting in the second year of a new cycle, and in the U.S., we tend to experience higher volumes of settlements in the second and third quarters. We perform annuity billing in the U.K. for a significant number of our contracts that occur each April starting in the second year of the cycle. The revenues from the annuity billings are expected to grow cumulatively over the cycle as more cases are settled and as the volume of billable clients increases concurrent with case settlements. It should also be noted that since a higher portion of our revenues come from contingency contracts, the front-end of a cycle typically requires a ramp-up period in preparation for the appeals and therefore tends to have lower earnings than later in the cycles when more settlements are made and those revenues flow directly to the bottom line.

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Share Data

As at August 9, 2022, 44,613,160 common shares were outstanding and are net of 650,749 escrowed shares. These escrowed shares are subject to restrictive covenants and may or may not vest. Accordingly, these shares are not included in the total number of common shares outstanding for financial reporting purposes and are not included in basic earnings per share calculations.

As at June 30, 2022, there were 2,434,148 share options outstanding (December 31, 2021 - 1,469,881 share options outstanding) at a weighted average exercise price of \$44.03 per share (December 31, 2021 - \$41.39 per share) and 699,350 share options were exercisable (December 31, 2021 - 454,286). All share options are exercisable into common shares on a one-for-one basis.

Shareholders who are resident in Canada may elect to automatically reinvest quarterly dividends in additional Altus Group common shares under our Dividend Reinvestment Plan ("DRIP").

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

For the three and six months ended June 30, 2022, 18,741 and 29,499 common shares, respectively (2021 - 17,384 and 32,027 common shares, respectively) were issued under the DRIP.

Financial Instruments and Other Instruments

Financial instruments held in the normal course of business included in our unaudited interim condensed consolidated balance sheet as at June 30, 2022 consist of cash and cash equivalents, trade receivables and other (excluding deferred costs to obtain customer contracts and prepayments), trade payables and other (excluding contract liabilities), income taxes recoverable and payable, investments, borrowings and derivative financial instruments. We do not enter into financial instrument arrangements for speculative purposes.

The fair values of the short-term financial instruments approximate their carrying values. The fair values of borrowings are not significantly different than their carrying values, as these instruments bear interest at rates comparable to current market rates. The fair values of other long-term assets and liabilities, and 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 respective entities. Investments in partnerships are measured in relation to the fair value of assets in the respective partnerships.

The fair value of the liabilities for our RSUs and DSUs as at June 30, 2022 was approximately \$16.2 million, based on the published trading price on the TSX for our common shares.

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We are exposed to interest rate risk in the event of fluctuations in the Canadian Prime rates, Canadian Bankers' Acceptance rates, U.S. Base rates, or SONIA, SOFR, and €STR rates, as the interest rates on the bank credit facilities fluctuate with changes in these rates.

To mitigate our exposure to interest rate fluctuations, we monitor interest rates and consider entering into interest rate swap agreements in connection with our bank credit facilities. During the three months ended June 30, 2022, we entered into interest rate swap agreements for a total notional amount of GBP57.0 million. The net fair value of this derivative is \$1.5 million in our favour.

We are exposed to price risk as the liabilities for cash-settled plans are classified as fair value through profit or loss, and linked to the price of our common shares.

We enter into equity derivatives to manage our exposure to changes in the fair value of RSUs and DSUs, issued under their respective plans, due to changes in the fair value of our common shares. Changes in the fair value of these derivatives are recorded as employee compensation expense and offset the impact of mark-to-market adjustments on the RSUs and DSUs that have been accrued.

As at June 30, 2022, we have equity derivatives relating to RSUs and DSUs outstanding with a notional amount of \$15.7 million. The net fair value of these derivatives is \$7.9 million in our favour.

We are exposed to credit risk with respect to our 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 our business, it is often common business practice of our customers 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 introduced additional credit risk. We assess lifetime expected credit losses for all trade receivables and contract assets for unbilled revenue on customer contracts by grouping customers with shared credit risk characteristics, the days past due, and by incorporating forward-looking information as applicable.

Liquidity risk is the risk that we will not be able to meet our financial obligations as they become due. We manage liquidity risk through the management of our capital structure and financial leverage. We also manage liquidity risk by continuously monitoring actual and projected cash flows, taking into account the seasonality of our revenues and receipts and the maturity profile of our financial assets and liabilities. Our Board of Directors reviews and approves our 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.

Contingencies

From time to time, we or our 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, we believe that our liabilities, if any, arising from such matters will not have a material adverse effect on our financial position or results of operations and have been adequately provided for in the interim financial statements.

In the ordinary course of business, we are 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

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positions and conclusions we made in our tax filings, which could lead to assessments and reassessments. These assessments and reassessments may have a material adverse effect on our financial position or results of operations.

Changes in Significant Accounting Policies and Estimates

In March 2020, the World Health Organization declared COVID-19 a global pandemic. We continue to monitor the ongoing impact of the COVID-19 pandemic on our 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 our business and operations. The duration and magnitude of the impact of the outbreak and its potential adverse effects on our business or results of operations continue to be uncertain and will depend on future developments. Judgments made in the June 30, 2022 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 our annual financial statements for the year ended December 31, 2021.

Adoption of Recent Accounting Pronouncements

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 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 our 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 our interim financial statements.

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Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Management is responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as those terms are defined in National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109").

Management has caused such DC&P to be designed under its supervision to provide reasonable assurance that our material information, including material information of our consolidated subsidiaries, is made known to our Chief Executive Officer and our Chief Financial Officer for the period in which the annual and interim filings are prepared. Further, such DC&P are designed to provide reasonable assurance that information we are required to disclose in our annual filings, interim filings or other reports we have filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in the applicable securities legislation.

Management has caused such ICFR to be designed under its supervision using the framework established in Internal Control - Integrated Framework (2013) published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS.

Section 3.3(1)(b) of NI 52-109 allows an issuer to limit its design of DC&P and ICFR to exclude controls, policies and procedures of a business that the issuer acquired not exceeding 365 days from the date of acquisition.

Management has limited the scope of the design of DC&P and ICFR, consistent with previous practice, to exclude controls, policies and procedures of Reonomy acquired on November 12, 2021.

The financial information summarized below reflects the ongoing completion of integration activities of the business acquired where resources have been reallocated to other parts of Altus Group to achieve planned operational efficiencies.

Balance sheet data for Reonomy:

<i>In thousands of dollars</i>	June 30, 2022	
Assets	\$	278,572
Liabilities		(9,521)
Equity		269,051

Income statement data for Reonomy:

<i>In thousands of dollars</i>	Three months ended		Six months ended	
	June 30, 2022		June 30, 2022	
Revenues	\$	6,005	\$	11,874
Expenses		(7,236)		(14,992)
Profit (loss)		(1,231)		(3,118)

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There have been no significant changes in our internal controls over financial reporting that occurred for the quarter ended June 30, 2022, the most recently completed interim period, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

The audit committee and our Board of Directors have reviewed and approved this MD&A and the interim financial statements as at and for the three and six months ended June 30, 2022.

Additional Information

Additional information relating to Altus Group Limited, including our Annual Information Form, is available on SEDAR at www.sedar.com and on our corporate website at www.altusgroup.com under the Investors tab. Our common shares trade on the TSX under the symbol "AIF".



Altus Group

LISTINGS

Toronto Stock Exchange
Stock trading symbol: AIF

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