Altus Group Reports Fourth Quarter and Fiscal 2022 Financial Results

Delivers 18% Revenue and 23% Adjusted EBITDA Growth in 2022

TORONTO (Feb 23, 2023) - Altus Group Limited ("Altus" or "the Company") (TSX: AIF), a leading provider of asset and fund intelligence for commercial real estate ("CRE"), announced today its financial and operating results for the fourth quarter and year ended December 31, 2022.

Unless otherwise indicated, all amounts are in Canadian dollars and percentages are on an as reported basis in comparison to the same period in 2021.

Q4 2022 Summary

- Consolidated revenues were $183.8 million, up 12.8% (10.3% on a Constant Currency* basis).
- Profit (loss) was $(8.8) million, compared to $6.9 million, primarily impacted by $17.0 million of restructuring costs.
- Earnings per share ("EPS") were $(0.20) basic and diluted, compared to $0.16 basic and $0.15 diluted.
- Consolidated Adjusted EBITDA* was $34.9 million, up 35.1% (31.4% on a Constant Currency basis).
- Adjusted EPS* was $0.44, compared to $0.42.
- Analytics revenues were $96.1 million, up 32.7% (27.1% on a Constant Currency basis), of which Recurring Revenue* was $85.8 million, up 43.5% (37.8% on a Constant Currency basis), and Adjusted EBITDA was $25.8 million, up 141.4% (133.0% on a Constant Currency basis) driving an Adjusted EBITDA margin* of 26.9%.
- Analytics New Bookings* totaled $34.2 million, up 9.8% (3.6% on a Constant Currency basis), of which Recurring New Bookings* were $20.8 million, up 21.6% (14.6% on a Constant Currency basis).
- Property Tax revenues were $55.8 million, down 7.0% (7.3% on a Constant Currency basis) and Adjusted EBITDA was $14.4 million, down 20.9% (21.0% on a Constant Currency basis).
- Appraisals and Development Advisory revenues were $32.0 million, up 5.0% (5.6% on a Constant Currency basis) and Adjusted EBITDA was $5.6 million, down 6.2% (5.6% on a Constant Currency basis).

2022 Summary

- Consolidated revenues were $735.5 million, up 17.6% (17.8% on a Constant Currency basis).
- Profit (loss) was $(0.9) million reflecting a $38.9 million impact of the 2022 global restructuring program.
- EPS was $(0.02) per share basic and diluted, compared to $0.62 and $0.60, respectively.
- Consolidated Adjusted EBITDA was $135.3 million, up 23.3% (23.4% on a Constant Currency basis).
- Adjusted EPS was $1.89, compared to $1.90.
- Net cash provided by (used in) operating activities grew 36.9% to $77.1 million, and Free Cash Flow grew 15.2% to $52.6 million.
- Analytics revenues were $346.1 million, up 37.8% (36.4% on a Constant Currency basis), of which Recurring Revenue was $301.7 million, up 45.2% (43.7% on a Constant Currency basis), and Adjusted EBITDA was $71.7 million, up 72.6% (68.9% on a Constant Currency basis), driving a 410-basis point improvement in Adjusted EBITDA margin of 20.7%.

- Analytics New Bookings totaled $112.5 million, up 18.4% (15.3% on a Constant Currency basis), of which Recurring New Bookings* were $74.4 million, up 55.0% (44.5% on a Constant Currency basis).
- At the end of 2022, 64% of the Company's total ARGUS Enterprise ("AE") user base had been contracted on ARGUS Cloud (Cloud Adoption Rate*), compared to 42% at the end of 2021.
- Property Tax achieved record revenues of $268.6 million, up 3.3% (4.8% on a Constant Currency basis) and Adjusted EBITDA was flat at $87.5 million (up 2.1% on a Constant Currency basis).
- Appraisals and Development Advisory revenues were $121.5 million, up 5.9% (6.7% on a Constant Currency basis) and Adjusted EBITDA was $17.1 million, up 4.0% (4.7% on a Constant Currency basis).
- As at December 31, 2022, Funded debt to EBITDA ratio as defined in the Company's credit facility agreement was 2.13 times, and Net debt to Adjusted EBITDA leverage ratio* was 1.96 times.

**Altus Group uses certain non-GAAP financial measures such as Adjusted Earnings (Loss), and Constant Currency; non-GAAP ratios such as Adjusted EPS; total of segments measures such as Adjusted EBITDA; capital management measures such as Free Cash Flow; and supplementary financial and other measures such as Adjusted EBITDA margin, Net debt to Adjusted EBITDA leverage ratio, New Bookings, Organic New Bookings, Recurring New Bookings, Non-Recurring New Bookings, Organic Revenue, Recurring Revenue, Organic Recurring Revenue, AE Software Maintenance Retention Rate, and Cloud Adoption Rate. Refer to the "Non-GAAP and Other Measures" section for more information on each measure and a reconciliation of Adjusted EBITDA and Adjusted Earnings (Loss) to Profit (Loss) and Free Cash Flow to Net cash provided by (used in) operating activities.*

Please note the following business nomenclature changes: Over Time Revenues are now referred to as Recurring Revenue and Bookings are now referred to as New Bookings (refer to the "Non-GAAP and Other Measures" section below). The legacy definitions still apply, and the new terms reconcile with the legacy reporting of those metrics. Additionally, the Valuation and Cost Advisory business segment has been rebranded Appraisals and Development Advisory.

Jim Hannon, Chief Executive Officer of Altus, said:

"Altus had a strong finish to the year, capping off a very productive period for the Company. The double-digit revenue and Adjusted EBITDA growth in 2022 reflects our improved operating posture and healthy demand for our offers that help our clients maximize performance and better manage risk. Fiscal 2022 was about business transformation, fiscal 2023 is about scaling profitable growth. We are well positioned to deliver sustained revenue growth and expanding margins."

Summary of Operating and Financial Performance by Reportable Segment:

CONSOLIDATED								
	Quarter ended December 31,				Year ended December 31,			
In thousands of dollars	**2022**	2021	% Change	Constant Currency % Change	**2022**	2021	% Change	Constant Currency % Change
Revenues	$ 183,762	$ 162,909	12.8%	10.3%	$ 735,451	$ 625,387	17.6%	17.8%
Profit (loss)	$ (8,759)	$ 6,890	(227.1%)		$ (889)	$25,573	(103.5%)	
Adjusted EBITDA	$ 34,928	$ 25,861	35.1%	31.4%	$ 135,322	$ 109,755	23.3%	23.4%
Adjusted EBITDA margin	19.0%	15.9%			18.4%	17.5%		

Analytics

In thousands of dollars	Quarter ended December 31, 2022	2021	% Change	Constant Currency % Change	Year ended December 31, 2022	2021	% Change	Constant Currency % Change
Revenues	$ 96,061	$ 72,407	32.7%	27.1%	$ 346,103	$ 251,084	37.8%	36.4%
Adjusted EBITDA	$ 25,824	$ 10,698	141.4%	133.0%	$ 71,730	$ 41,567	72.6%	68.9%
Adjusted EBITDA margin	26.9%	14.8%			20.7%	16.6%		
Other Measures								
Recurring Revenue*	$ 85,834	$ 59,802	43.5%	37.8%	$ 301,709	$ 207,805	45.2%	43.7%
New Bookings*	$ 34,173	$ 31,119	9.8%	3.6%	$ 112,540	$ 95,066	18.4%	15.3%
Recurring New Bookings*	$ 20,849	$ 17,150	21.6%	14.6%	$ 74,434	$ 48,017	55.0%	44.5%
Non-Recurring New Bookings*	$ 13,324	$ 13,969	(4.6%)	(9.8%)	$ 38,106	$ 47,049	(19.0%)	(14.4%)
AE Software Maintenance Retention Rate*	97%	94%			97%	94%		
Geographical revenue split								
North America	79%	75%			77%	75%		
International	21%	25%			23%	25%		
Cloud Adoption Rate* (as at end of period)	64%	42%			64%	42%		

Property Tax

In thousands of dollars	Quarter ended December 31, 2022	2021	% Change	Constant Currency % Change	Year ended December 31, 2022	2021	% Change	Constant Currency % Change
Revenues	$ 55,830	$ 60,060	(7.0%)	(7.3%)	$ 268,583	$ 259,911	3.3%	4.8%
Adjusted EBITDA	$ 14,412	$ 18,222	(20.9%)	(21.0%)	$ 87,533	$ 87,616	(0.1%)	2.1%
Adjusted EBITDA margin	25.8%	30.3%			32.6%	33.7%		

Appraisals and Development Advisory

In thousands of dollars	Quarter ended December 31, 2022	2021	% Change	Constant Currency % Change	Year ended December 31, 2022	2021	% Change	Constant Currency % Change
Revenues	$ 32,049	$ 30,517	5.0%	5.6%	$ 121,469	$ 114,693	5.9%	6.7%
Adjusted EBITDA	$ 5,578	$ 5,948	(6.2%)	(5.6%)	$ 17,099	$ 16,440	4.0%	4.7%
Adjusted EBITDA margin	17.4%	19.5%			14.1%	14.3%		

Q4 2022 Review

On a consolidated basis, revenues were $183.8 million, up 12.8% (10.3% on a Constant Currency basis) and Adjusted EBITDA was $34.9 million, up 35.1% (31.4% on a Constant Currency basis). Organic Revenue* growth was 10.1% (7.8% on a Constant Currency basis). Adjusted EPS was $0.44, up 4.8% from $0.42 in the fourth quarter of 2021.

Profit (loss) was $(8.8) million and $(0.20) per share, basic and diluted, compared to $6.9 million and $0.16 per share basic and $0.15 diluted, in the same period in 2021. The greatest driver of the year-over-year change was a $17.0 million restructuring cost associated with the global restructuring program that was completed in the fourth quarter.

Analytics revenues increased to $96.1 million, up 32.7% (27.1% on a Constant Currency basis). Organic Revenue growth was 28.3% (23.1% on a Constant Currency basis). The acquisition of Reonomy represented 4.4% of the total 32.7% revenue growth. Adjusted EBITDA was $25.8 million, up 141.4% (133.0% on a Constant Currency basis) driving an Adjusted EBITDA margin of 26.9%.

- Revenue growth was primarily driven by customer expansion across Analytics' key solutions and supported by steady new customer additions. While most of the growth continues to come from North America, international revenues also increased year-over-year, both in Europe and Asia Pacific.

- Recurring Revenues were $85.8 million, up 43.5% (37.8% on a Constant Currency basis). Organic Recurring Revenue* was up 38.2% (up 32.5% on a Constant Currency basis). Sequentially, Recurring Revenue grew 11.6%.

- New Bookings were $34.2 million, up 9.8% (3.6% on a Constant Currency basis). Organic New Bookings were up 8.6% (2.4% on a Constant Currency basis) from the same period in 2021. Recurring New Bookings were $20.8 million, up 21.6% (14.6% on a Constant Currency basis).

- Adjusted EBITDA growth and margin expansion benefitted from higher revenues, improving operating efficiencies, ongoing cost optimization efforts, and foreign exchange fluctuations.

Property Tax revenues were $55.8 million, down 7.0% (7.3% on a Constant Currency basis) and Adjusted EBITDA was $14.4 million, down 20.9% (21.0% on a Constant Currency basis). The robust growth in the U.S. and steady performance in Canada was offset by a decline in the U.K. which continued to be impacted by the ongoing slowed cadence of settlement volumes. The U.K. pipeline of cases to be settled in upcoming quarters remains robust.

Appraisals and Development Advisory revenues were $32.0 million, up 5.0% (5.6% on a Constant Currency basis) and Adjusted EBITDA was $5.6 million, down 6.2% (down 5.6% on a Constant Currency basis). Revenue growth was driven by strong performance in Development Advisory, both in Canada and in the APAC region, supported by large public sector projects.

Corporate Costs were $10.9 million, compared to $9.0 million in the same period in 2021. The increase reflects higher expenditures in Information Technology, compensation, travel, professional fees, and costs related to organizational and strategic initiatives.

As at December 31, 2022, bank debt was $319.6 million and cash and cash equivalents was $55.3 million (representing a Funded debt to EBITDA ratio as defined in the Company's credit facility agreement of 2.13 times, or a Net debt to Adjusted EBITDA leverage ratio of 1.96 times).

2023 Business Outlook Summary

The business outlook is presented on an organic Constant Currency basis over fiscal 2022.

Altus Group is well positioned in 2023 to sustain year-over-year Constant Currency growth in its consolidated revenue and Adjusted EBITDA. The 2023 business outlook by reportable segment is as follows:

- Analytics remains well positioned to deliver double-digit revenue growth and expanded Adjusted EBITDA margins. This is underpinned by a strong Recurring Revenue base and steady New Bookings growth.

- The Property Tax revenues and Adjusted EBITDA are expected to decline year-over-year primarily driven by cyclicality of the UK tax assessments. The Company will continue to invest in go-to-market activities to expand its client base and backlog of tax appeals.

- The Appraisals and Development Advisory business is expected to continue growing modestly in the single-digits. Focus on operating efficiencies is expected to translate to an improvement in Adjusted EBITDA.

Q4 & FY 2022 Results Conference Call & Webcast

Date:	Thursday, February 23, 2023
Time:	5:00 p.m. (ET)
Webcast:	altusgroup.com (under Investor Relations)
Live Call:	1-800-319-4610 (toll-free North America) or 416-915-3239 (Toronto area)
Replay:	available via webcast at altusgroup.com

About Altus Group

Altus Group is a leading provider of asset and fund intelligence for commercial real estate. We deliver intelligence as a service to our global client base through a connected platform of industry-leading technology, advanced analytics, and advisory services. Trusted by the largest CRE leaders, our capabilities help commercial real estate investors, developers, proprietors, lenders, and advisors manage risks and improve performance returns throughout the asset and fund lifecycle. Altus Group is a global company headquartered in Toronto with approximately 2,700 employees across North America, EMEA and Asia Pacific. For more information about Altus Group (TSX: AIF) please visit altusgroup.com.

Non-GAAP and Other Measures

Altus Group uses certain non-GAAP financial measures, non-GAAP ratios, total of segments measures, capital management measures, and supplementary and other financial measures as defined in National Instrument 52-112 - *Non-GAAP and Other Financial Measures Disclosure* ("NI 52-112"). Management believes that these measures may assist investors in assessing an investment in the Company's shares as they provide additional insight into the Company's performance. Readers are cautioned that they are not defined performance measures, and do not have any standardized meaning under IFRS and may differ from similar computations as reported by other similar entities and, accordingly, may not be comparable to financial measures as reported by those entities. These measures should not be considered in isolation or as a substitute for financial measures prepared in accordance with IFRS.

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

Constant Currency: Altus Group uses Constant Currency to allow current financial and operational performance to be understood against comparative periods without the impact of fluctuations in foreign currency exchange rates against the Canadian dollar. How it's calculated: The financial results and non-GAAP measures presented at Constant Currency within this document are obtained by translating monthly results denominated in local currency (U.S. dollars, British pound, Euro, Australian dollars, and other foreign currencies) to Canadian dollars at the foreign exchange rates of the comparable month in the previous year.

Adjusted EPS: Altus Group uses Adjusted EPS to assess the performance of the business, on a per share basis, before the effects of the noted items because they affect the comparability of the Company's financial results and could potentially distort the analysis of trends in business performance. How it's calculated: Adjusted Earnings (Loss) divided by basic weighted average number of shares, adjusted for the effects of the weighted average number of restricted shares.

Adjusted Earnings before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA"): Altus Group uses Adjusted EBITDA to evaluate the performance of the business, as well as when making decisions about the ongoing operations of the business and the Company's ability to generate cash flows. This measure represents Adjusted EBITDA determined on a consolidated entity-basis as a total of our various segments. All other Adjusted EBITDA references are disclosed in our financial statements and are not considered to be non-GAAP financial measures pursuant to NI 52-112. How it's calculated: Profit (loss) added or (deducted) by: profit (loss) from discontinued operations; occupancy costs calculated on a similar basis prior to the adoption of IFRS 16; depreciation of right-of-use assets; depreciation of property, plant and equipment and amortization of intangibles; acquisition and related transition costs (income); unrealized foreign exchange (gains) losses; (gains) losses on disposal of right-of-use assets, property, plant and equipment and intangibles; share of (profit) loss of joint venture; non-cash share-based compensation costs; (gains) losses on equity derivatives net of mark-to market adjustments on related restricted share units ("RSUs") and deferred share units ("DSUs"); (gains) losses on derivatives, restructuring costs (recovery); impairment charges; (gains) losses on investments; other costs or income of a non-operating and/or non-recurring nature; finance costs (income), net - leases; finance costs (income), net - other; and income tax expense (recovery).

Free Cash Flow: Altus Group uses Free Cash Flow to understand how much of the cash generated from operating activities is available to repay borrowings and to reinvest in the Company. How it's calculated: Net cash provided by (used in) operating activities deducted by capital expenditures.

Adjusted EBITDA Margin: Altus Group uses Adjusted EBITDA margin to evaluate the performance of the business, as well as when making decisions about the ongoing operations of the business and its ability to generate cash flows. How it's calculated: Adjusted EBITDA divided by revenue.

Net debt to Adjusted EBITDA leverage ratio: Altus Group uses Net debt to Adjusted EBITDA leverage ratio as a measure of its ability to service debt and other long-term obligations. How it's calculated: Net debt (total borrowings less cash and cash equivalents, net of short-term deposits) divided by Adjusted EBITDA.

New Bookings, Organic New Bookings, Recurring New Bookings and Non-Recurring New Bookings: For its Analytics reportable segment, Altus Group uses New Bookings, Organic New Bookings, Recurring New Bookings and Non-Recurring New Bookings as measures to track the performance and success of sales initiatives, and as an indicator of future revenue growth. New Bookings is inclusive of any new signed contracts as well as any additional solutions and services added by existing customers within the Analytics reportable segment. The contract value of renewals is excluded from this metric with the exception of additional capacity or products purchased at the time of renewal. How it's calculated: *New Bookings:* The total of annual contract values for new sales of the Company's recurring solutions and services (software subscriptions, Valuation Management Solutions and data subscriptions) plus the total of contract values for one-time engagements (consulting, training, and due diligence). *Organic New Bookings*: The total of New Bookings deducted by New Bookings from business acquisitions that are not fully integrated (up to the first anniversary of the acquisition). *Recurring New Bookings*: The total of annual contract values for new sales of the recurring solutions and services. *Non-Recurring New Bookings*: The total of contract values for one-time engagements.

Organic Revenue: Altus Group uses Organic Revenue to evaluate and assess revenue trends in the business on a comparable basis versus the prior year, and as an indicator of future revenue growth. How it's calculated: Revenue deducted by revenues from business acquisitions that are not fully integrated (up to the first anniversary of the acquisition).

Recurring Revenue, Organic Recurring Revenue: For its Analytics reportable segment, Altus Group uses Recurring Revenue, and Organic Recurring Revenue as measures to assess revenue trends in the business, and as an indicator of future revenue growth. How it's calculated: *Recurring Revenue*: Revenue from software subscriptions recognized on an over time basis in accordance with IFRS 15, software maintenance revenue associated with the Company's legacy licenses sold on perpetual terms, Valuation Management Solutions, and data subscriptions. *Organic Recurring Revenue*: Recurring Revenue deducted by Recurring Revenue from business acquisitions that are not fully integrated (up to the first anniversary of the acquisition).

AE Software Maintenance Retention Rate: For its Analytics reportable segment, Altus Group uses AE Software Maintenance Retention Rate as a measure to evaluate its success in retaining its AE software customers. With the majority of the AE customer base having now converted from legacy maintenance contracts to subscription contracts this metric is now less relevant and will be updated in the future. How it's calculated: Percentage of the available AE software maintenance renewal opportunity in a fiscal period that renews, calculated on a dollar basis, excluding any growth in user count or product expansion.

Cloud Adoption Rate: For its Analytics reportable segment, Altus Group uses the Cloud Adoption Rate as a measure of its progress in transitioning the AE user base to its cloud-based platform, a key component of its overall product strategy. How it's calculated: Percentage of the total AE user base contracted on the ARGUS Cloud platform.

Forward-Looking Information

Certain information in this press release may constitute "forward-looking information" within the meaning of applicable securities legislation. All information contained in this press release, other than statements of current and historical fact, is forward-looking information. Forward-looking information includes, but is not limited to, the discussion of the Company's business, strategies and expectations of future performance, including any guidance on financial expectations, and the Company's 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.

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 inherently are subject to significant risks, uncertainties, contingencies and other factors that may not be known and may cause actual results, performance or achievements, industry results or events to be materially different from those expressed or implied by the forward-looking information. The material factors or assumptions that the Company has identified and applied in drawing conclusions or making forecasts or projections set out in the forward-looking information include, but are not limited to: engagement and product pipeline opportunities in Analytics will result in associated definitive agreements; continued adoption of cloud subscriptions by customers; retention of material clients and bookings; sustaining software and subscription renewals; settlement volumes in the Property Tax business occurring on a timely basis and assessment authorities processing appeals in a manner consistent with expectations; successful execution of business strategies; consistent and stable economic conditions or conditions in the financial markets; consistent and stable legislation in the various countries in which the Company operates; consistent and stable foreign exchange conditions; no disruptive changes in the technology environment; opportunity to acquire accretive businesses and the absence of negative financial and other impacts resulting from strategic investments or acquisitions on short term results; successful integration of acquired businesses; and continued availability of qualified professionals.

Inherent in the forward-looking information are known and unknown risks, uncertainties and other factors that could cause the Company's actual results, performance or achievements, or industry results, to differ materially from any results, performance or achievements expressed or implied by such forward-looking information. Those risks include, but are not limited to: the general state of the economy; the COVID-19 pandemic; financial performance; financial targets; the commercial real estate market; acquisitions; industry competition; business interruption events; third party information; cybersecurity; professional talent; cloud subscriptions transition; software renewals; 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; 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; contractual obligations; legal proceedings; insurance limits; ability to meet the solvency requirements necessary to make dividend payments; leverage and financial covenants; share price; capital investments; and the issuance of additional common shares and debt, as described in this document under "Key Factors Affecting the Business" as well as those described in the Company's 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).

The COVID-19 pandemic has cast additional uncertainty on each of these factors and assumptions. The duration, extent and the resulting economic impact the COVID-19 pandemic will have on the Company's business remains uncertain and difficult to predict at this time.

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 regarding future events and operating performance and is based on reasonable assumptions and information currently available to management. The forward-looking information contained herein is current as of the date of this MD&A and, except as required under applicable law, the Company does not undertake to update or revise it to reflect new events or circumstances. Additionally, the Company undertakes no obligation to comment on analyses, expectations or statements made by third parties in respect of Altus Group, its financial or operating results, or its securities.

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

FOR FURTHER INFORMATION PLEASE CONTACT:

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Consolidated Statements of Comprehensive Income (Loss)
For the Years Ended December 31, 2022 and 2021
(Expressed in Thousands of Canadian Dollars, Except for Per Share Amounts)

	For the year ended December 31, 2022	For the year ended December 31, 2021
Revenues	**$ 735,451**	$ 625,387
Expenses		
Employee compensation	**463,949**	401,455
Occupancy	**7,032**	7,743
Office and other operating	**152,893**	123,023
Depreciation of right-of-use assets	**11,968**	12,119
Depreciation of property, plant and equipment	**6,562**	5,446
Amortization of intangibles	**40,995**	29,017
Acquisition and related transition costs (income)	**4,928**	10,137
Share of (profit) loss of joint venture	**(3,013)**	(1,187)
Restructuring costs (recovery)	**38,896**	15
(Gain) loss on investments	**164**	(2,930)
Finance costs (income), net - leases	**1,913**	2,219
Finance costs (income), net - other	**5,284**	4,130
Profit (loss) before income taxes	**3,880**	34,200
Income tax expense (recovery)	**4,769**	8,627
Profit (loss) for the year	**$ (889)**	$ 25,573
Profit (loss) for the period attributable to:		
Non-controlling interest	**$ (3)**	$ (115)
Shareholders of the Company	**$ (886)**	$ 25,688
Other comprehensive income (loss):		
Items that may be reclassified to profit or loss in subsequent periods:		
Currency translation differences	**11,027**	(4,828)
Items that are not reclassified to profit or loss in subsequent periods:		
Changes in investments measured at fair value through other comprehensive income, net of tax	**(328)**	2,476
Other comprehensive income (loss), net of tax	**10,699**	(2,352)
Total comprehensive income (loss) for the year, net of tax	**$ 9,810**	$ 23,221
Comprehensive income (loss) for the year, net of tax, attributable to:		
Non-controlling interest	**$ (3)**	$ (115)
Shareholders of the Company	**$ 9,813**	$ 23,336
Earnings (loss) per share attributable to the shareholders of the Company during the year		
Basic earnings (loss) per share	**$(0.02)**	$0.62
Diluted earnings (loss) per share	**$(0.02)**	$0.60

Consolidated Balance Sheets
As at December 31, 2022 and 2021
(Expressed in Thousands of Canadian Dollars)

	December 31, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	**$ 55,267**	$ 51,271
Trade receivables and other	**255,518**	223,315
Income taxes recoverable	**7,399**	3,280
Derivative financial instruments	**1,694**	5,868
Total current assets	**319,878**	283,734
Non-current assets		
Trade receivables and other	**6,969**	2,818
Derivative financial instruments	**18,519**	15,661
Investments	**19,313**	20,806
Investment in joint venture	**19,509**	16,496
Deferred tax assets	**28,855**	24,089
Right-of-use assets	**38,873**	59,992
Property, plant and equipment	**21,582**	21,624
Intangibles	**292,806**	286,670
Goodwill	**497,582**	467,310
Total non-current assets	**944,008**	915,466
Total assets	**$ 1,263,886**	$ 1,199,200
Liabilities		
Current liabilities		
Trade payables and other	**$ 222,941**	$ 193,388
Income taxes payable	**2,063**	2,629
Lease liabilities	**14,856**	13,914
Total current liabilities	**239,860**	209,931
Non-current liabilities		
Trade payables and other	**27,265**	24,913
Lease liabilities	**45,459**	57,225
Borrowings	**317,828**	286,924
Deferred tax liabilities	**33,604**	27,864
Non-controlling interest	**-**	2,980
Total non-current liabilities	**424,156**	399,906
Total liabilities	**664,016**	609,837
Shareholders' equity		
Share capital	**747,668**	726,325
Contributed surplus	**48,608**	42,364
Accumulated other comprehensive income (loss)	**47,165**	38,439
Other equity	**-**	(244)
Retained earnings (deficit)	**(243,571)**	(217,406)
Equity attributable to the shareholders of the Company	**599,870**	589,478
Non-controlling interest	**-**	(115)
Total shareholders' equity	**599,870**	589,363
Total liabilities and shareholders' equity	**$ 1,263,886**	$ 1,199,200

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021
(Expressed in Thousands of Canadian Dollars)

	For the year ended December 31, 2022	For the year ended December 31, 2021
Cash flows from operating activities		
Profit (loss) before income taxes	**$ 3,880**	$ 34,200
Adjustments for:		
Depreciation of right-of-use assets	**11,968**	12,119
Depreciation of property, plant and equipment	**6,562**	5,446
Amortization of intangibles	**40,995**	29,017
Finance costs (income), net - leases	**1,913**	2,219
Finance costs (income), net - other	**5,284**	4,130
Share-based compensation	**29,380**	23,938
Unrealized foreign exchange (gain) loss	**(3,854)**	1,104
(Gain) loss on investments	**164**	(2,930)
(Gain) loss on disposal of right-of-use assets, property, plant and equipment and intangibles	**825**	(248)
(Gain) loss on equity derivatives	**8,740**	(10,252)
Share of (profit) loss of joint venture	**(3,013)**	(1,187)
Impairment of right-of-use assets, net of (gain) loss on sub-leases	**6,906**	-
Net changes in:		
Operating working capital	**177**	(34,831)
Liabilities for cash-settled share-based compensation	**(5,303)**	9,199
Deferred consideration payables	**(3,384)**	6,668
Contingent consideration payables	**3,010**	132
Net cash generated by (used in) operations	**104,250**	78,724
Less: interest paid on borrowings	**(11,729)**	(3,606)
Less: interest paid on leases	**(1,913)**	(2,219)
Less: income taxes paid	**(14,832)**	(19,547)
Add: income taxes refunded	**1,309**	2,956
Net cash provided by (used in) operating activities	**77,085**	56,308
Cash flows from financing activities		
Proceeds from exercise of options	**8,161**	13,814
Proceeds from share issuance, net of transaction costs	**-**	164,771
Financing fees paid	**(1,898)**	(414)
Proceeds from borrowings	**84,500**	341,024
Repayment of borrowings	**(57,136)**	(178,819)
Payments of principal on lease liabilities	**(14,982)**	(12,070)
Dividends paid	**(24,699)**	(21,564)
Treasury shares purchased for share-based compensation	**(4,608)**	(6,312)
Cancellation of shares	**(8,003)**	-
Net cash provided by (used in) financing activities	**(18,665)**	300,430
Cash flows from investing activities		
Purchase of investments	**(858)**	(4,157)
Purchase of intangibles	**(19,047)**	(4,664)
Purchase of property, plant and equipment	**(5,433)**	(5,965)
Proceeds from investments	**22**	326
Proceeds from disposal of investments	**1,112**	-
Acquisitions, net of cash acquired	**(29,853)**	(358,855)
Net cash provided by (used in) investing activities	**(54,057)**	(373,315)
Effect of foreign currency translation	**(367)**	(1,789)
Net increase (decrease) in cash and cash equivalents	**3,996**	(18,366)
Cash and cash equivalents, beginning of year	**51,271**	69,637
Cash and cash equivalents, end of year	**$ 55,267**	$ 51,271

Reconciliation of Profit (Loss) to Adjusted EBITDA and Adjusted Earnings (Loss)

The following table provides a reconciliation of Profit (Loss) to Adjusted EBITDA and Adjusted Earnings (Loss):

	Quarter ended December 31,		Year ended December 31,	
In thousands of dollars, except for per share amounts	**2022**	2021	**2022**	2021
Profit (loss) for the period	$ (8,759)	$ 6,890	$ (889)	$ 25,573
Occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 [(1)]	(2,905)	(3,477)	(11,993)	(13,199)
Depreciation of right-of-use assets	2,831	3,209	11,968	12,119
Depreciation of property, plant and equipment and amortization of intangibles [(7)]	11,290	9,815	47,557	34,463
Acquisition and related transition costs (income)	207	2,025	4,928	10,137
Unrealized foreign exchange (gain) loss [(2)]	(1,821)	(145)	(3,854)	1,104
Gain (loss) on disposal of right-of-use assets, property, plant and equipment and intangibles [(2)]	825	-	825	(248)
Share of (profit) loss of joint venture	(786)	(745)	(3,013)	(1,187)
Non-cash share-based compensation costs [(3)]	7,123	6,178	24,544	19,455
(Gain) loss on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs [(3)]	(1,890)	(1,035)	2,481	(2,040)
Restructuring costs (recovery)	17,001	(238)	38,896	15
(Gain) loss on investments [(4)]	47	(1,091)	164	(2,930)
Other non-operating and/or non-recurring (income) costs [(5)]	2,957	2,944	11,742	11,517
Finance costs (income), net - leases	463	515	1,913	2,219
Finance costs (income), net - other [(8)]	7,918	1,322	5,284	4,130
Income tax expense (recovery) [(9)]	427	(306)	4,769	8,627
Adjusted EBITDA	$ 34,928	$ 25,861	$ 135,322	$ 109,755
Depreciation of property, plant and equipment and amortization of intangibles of non-acquired businesses [(7)]	(2,376)	(2,161)	(8,955)	(6,028)
Finance (costs) income, net - other [(8)]	(7,918)	(1,322)	(5,284)	(4,130)
(Gain) loss on hedging transactions, including currency forward contracts and interest expense (income) on swaps	3,396	-	(6,856)	-
Interest accretion on contingent consideration payables	-	-	6	-
Tax effect of adjusted earnings (loss) adjustments [(9)]	(7,939)	(3,534)	(28,511)	(19,283)
Adjusted earnings (loss)*	$ 20,091	$ 18,844	$ 85,722	$ 80,314
Weighted average number of shares - basic	44,715,291	43,945,167	44,635,448	41,684,077
Weighted average number of restricted shares	597,408	680,150	633,675	580,280
Weighted average number of shares - adjusted	45,312,699	44,625,317	45,269,123	42,264,357
Adjusted earnings (loss) per share [(6)]	$0.44	$0.42	$1.89	$1.90

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

(2) Included in office and other operating expenses in the consolidated statements of comprehensive income (loss).
(3) Included in employee compensation expenses in the consolidated statements of comprehensive income (loss).
(4) Gain (loss) on investments relates to changes in the fair value of investments in partnerships.
(5) Other non-operating and/or non-recurring income (costs) for the quarter and year ended December 31, 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 quarter and year ended December 31, 2021, other non-operating and/or non-recurring income (costs) relate to (i) costs relating to the June 13, 2021 cybersecurity incident net of insurance proceeds received and receivable, and (ii) transaction and other related costs. These are included in office and other operating expenses in the consolidated statements of comprehensive income (loss).
(6) Refer to page 4 of the MD&A for the definition of Adjusted EPS.
(7) For the purposes of reconciling to Adjusted Earnings (Loss), the amortization of intangibles of acquired businesses is adjusted from Profit (loss) for the period. Per the quantitative reconciliation above, we have added back depreciation of property, plant and equipment and amortization of intangibles and then deducted the depreciation of property, plant and equipment and amortization of intangibles of non-acquired businesses to arrive at the amortization of intangibles of acquired businesses.
(8) For the purposes of reconciling to Adjusted Earnings (Loss), the interest accretion on contingent consideration payables and (gains) losses on hedging transactions and interest expense (income) on swaps is adjusted from Profit (loss) for the period. Per the quantitative reconciliation above, we have added back finance costs (income), net – other and then deducted finance costs (income), net – other prior to adjusting for interest accretion on contingent consideration payables and (gains) losses on hedging transactions and interest expense (income) on swaps.
(9) For the purposes of reconciling to Adjusted Earnings (Loss), only the tax impacts for the reconciling items noted in the definition of Adjusted Earnings (Loss) is adjusted from Profit (loss) for the period. Please refer to page 4 of the MD&A for the definition of Adjusted Earnings (Loss).

Reconciliation of Free Cash Flow

We proactively manage and optimize our Free Cash Flow available for reinvestment in our business. Free Cash Flow is reconciled as follows:

Free Cash Flow	**Quarter ended December 31,**		**Year ended December 31,**	
In thousands of dollars	**2022**	2021	**2022**	2021
Net cash provided by (used in) operating activities	$ 27,465	$ 10,773	$ 77,085	$ 56,308
Less: Capital Expenditures	(8,285)	(4,047)	(24,480)	(10,629)
Free Cash Flow	$ 19,180	$ 6,726	$ 52,605	$ 45,679

Constant Currency

The following tables provide a summarization of the foreign exchange rates used as presented based on the average monthly rates, and the foreign exchange rates used for Constant Currency for currencies in which we primarily transact in:

	Quarter ended December 31, 2022		**Year ended December 31, 2022**	
	As presented	For Constant Currency	As presented	For Constant Currency
Canadian Dollar	1.000	1.000	1.000	1.000
United States Dollar	1.357	1.260	1.301	1.254
Pound Sterling	1.593	1.699	1.608	1.724
Euro	1.386	1.441	1.370	1.483
Australian Dollar	0.892	0.918	0.903	0.942

	Quarter ended December 31, 2021		**Year ended December 31, 2021**	
	As presented	For Constant Currency	As presented	For Constant Currency
Canadian Dollar	1.000	1.000	1.000	1.000
United States Dollar	1.260	1.303	1.254	1.341
Pound Sterling	1.699	1.721	1.724	1.719
Euro	1.441	1.554	1.483	1.529
Australian Dollar	0.918	0.953	0.942	0.924