Altus Group

Altus Group Reports Q4 and Fiscal 2023 Financial Results; Announces Quarterly Dividend Payment

Record Revenue and Adjusted EBITDA Margin for Analytics in 2023; Q4 2023 Sees Highest Free Cash Flow with Continued Consolidated Revenue Growth; Resilient Revenue Model Poised for Sustained Growth Emphasizing Strong Cash Generation in 2024 Amid Improving Market Dynamics

TORONTO (February 22, 2024) – Altus Group Limited ("Altus" or "the Company") (TSX: AIF), a leading provider of asset and fund intelligence for commercial real estate ("CRE"), announced today its financial and operating results for the fourth quarter and year ended December 31st, 2023, the approval by its Board of Directors of the payment of a cash dividend of $0.15 per common share for the first quarter ending March 31st, 2024, and its financial outlook for fiscal 2024.

Unless otherwise indicated, all amounts are in Canadian dollars and percentages are on an as reported basis in comparison to the same period in 2022. "CC" in the tables indicates "Constant Currency".

Q4 2023 Summary:

- Consolidated revenues were $191.6 million, up 4.3% (2.8% on a Constant Currency* basis).
- Profit (loss) improved to $(0.1) million from $(8.8) million.
- Earnings per share ("EPS") were $(0.00) basic and diluted, compared to $(0.20) basic and diluted.
- Consolidated Adjusted EBITDA* was $34.2 million, down 2.2% (3.4% on a Constant Currency basis).
- Net cash provided by operating activities was $44.7 million, up 62.7%, and Free Cash Flow* was a record $40.1 million, up 109.3%.
- Adjusted EPS* improved to $0.46 from $0.44.
- Analytics revenues were $103.2 million, up 7.4% (6.1% on a Constant Currency basis), of which Recurring Revenue* was $93.0 million, up 8.4% (7.0% on a Constant Currency basis). Adjusted EBITDA was $28.1 million, up 9.0% (7.9% on a Constant Currency basis), driving an Adjusted EBITDA margin* of 27.3%, up 40 basis points (40 basis points on a Constant Currency basis).
- Analytics New Bookings* were $26.3 million, down 23.2% (23.4% on a Constant Currency basis), of which Recurring New Bookings* were $18.2 million, down 12.5% (12.6% on a Constant Currency basis).
- At the end of Q4 2023, 74% of the Company's total ARGUS Enterprise ("AE") user base had been contracted on ARGUS Cloud (Cloud Adoption Rate*), compared to 64% at the end of Q4 2022.
- Property Tax revenues were $60.5 million, up 8.4% (up 5.9% on a Constant Currency basis), and Adjusted EBITDA was $13.3 million, down 7.6% (10.5% on a Constant Currency basis).
- Appraisals and Development Advisory revenues were $28.0 million, down 12.5% (12.4% on a Constant Currency basis) and Adjusted EBITDA was $2.3 million, down 59.6% (59.6% on a Constant Currency basis).
- As at December 31st 2023, Funded debt to EBITDA ratio as defined in the Company's credit facility agreement was 2.06 times, and Net debt to Adjusted EBITDA leverage ratio* was 1.98 times.
- The Company purchased 53,700 shares in Q4 2023 for $2.1 million under its Normal Course Issuer Bid ("NCIB").

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

2023 Summary:

- Consolidated revenues were $772.8 million, up 5.1% (2.2% on a Constant Currency* basis).
- Profit (loss) was $10.2 million, compared to a loss of $(0.9) million,
- Earnings per share ("EPS") were $0.23 basic and $0.22 diluted, compared to $(0.02) basic and diluted.
- Consolidated Adjusted EBITDA was $135.0 million, down 0.2% (4.2% on a Constant Currency basis).
- Net cash provided by operating activities was $71.4 million, down 7.3%, and Free Cash Flow was $58.9 million, up 12.0%.
- Adjusted EPS was $1.64, compared to $1.89.
- Analytics revenues were $392.9 million, up 13.5% (9.4% on a Constant Currency basis), of which Recurring Revenue was $354.6 million, up 17.5% (13.2% on a Constant Currency basis). Adjusted EBITDA was $95.5 million, up 33.1% (26.1% on a Constant Currency basis), driving an Adjusted EBITDA margin of 24.3%, up 360 basis points (320 basis points on a Constant Currency basis).
- Consistently delivered over $20 million in New Bookings per quarter despite a challenging external environment. Analytics New Bookings totalled $94.5 million, down 16.0% (19.1% on a Constant Currency basis), of which Recurring New Bookings were $64.5 million, down 13.3% (16.3% on a Constant Currency basis).
- Reflecting the reset of the U.K. annuity billings, Property Tax revenues were $263.1 million, down 2.0% (4.6% on a Constant Currency basis), and Adjusted EBITDA was $69.3 million, down 20.9% (23.1% on a Constant Currency basis). Excluding the $33.2 million impact of the U.K. annuity billings in 2022, revenue growth was 11.8% (8.9% on a Constant Currency basis).
- Appraisals and Development Advisory revenues were $117.6 million, down 3.2% (3.1% on a Constant Currency basis) and Adjusted EBITDA was $11.5 million, down 32.5% (32.3% on a Constant Currency basis).
- The Company purchased 105,400 shares in FY 2023 for $4.6 million under its NCIB.

"2023 was a year of significant progress driving revenue, profit and free cash flow growth," commented Jim Hannon, Chief Executive Officer of Altus Group. "Looking ahead to 2024 and beyond, I'm excited about our innovation roadmap which will help clients achieve superior asset level and fund performance. Our technology will also drive continued operating efficiencies for our internal teams fuelling better customer service, margins and cashflow generation. With the anticipation of a more stable interest rate environment and increased CRE activity in the second half of 2024, we are well-positioned for success."

Summary of Operating and Financial Performance by Reportable Segment:

Consolidated								
	Quarter ended December 31,				Year ended December 31,			
In thousands of dollars	**2023**	2022	% Change	CC % Change	**2023**	2022	% Change	CC % Change
Revenues	$ 191,574	$ 183,762	4.3%	2.8%	$ 772,843	$ 735,451	5.1%	2.2%
Profit (loss)	$ (140)	$ (8,759)	98.4%		$ 10,232	$ (889)	1,251.0%	
Adjusted EBITDA	$ 34,168	$ 34,928	(2.2%)	(3.4%)	$ 135,041	$ 135,322	(0.2%)	(4.2%)
Adjusted EBITDA margin	17.8%	19.0%			17.5%	18.4%		
Net Cash provided by (used in) operating activities	$ 44,693	$ 27,465	62.7%		$ 71,429	$ 77,085	(7.3%)	
Free Cash Flow	$ 40,141	$ 19,180	109.3%		$ 58,938	$ 52,605	12.0%	

Analytics

In thousands of dollars	Quarter ended December 31, 2023	2022	% Change	CC% Change	Year ended December 31, 2023	2022	% Change	CC% Change
Revenues	$ 103,190	$ 96,061	7.4%	6.1%	$ 392,913	$ 346,103	13.5%	9.4%
Adjusted EBITDA	$ 28,145	$ 25,824	9.0%	7.9%	$ 95,470	$ 71,730	33.1%	26.1%
Adjusted EBITDA margin	27.3%	26.9%			24.3%	20.7%		
Other Measures								
Recurring Revenue	$ 93,010	$ 85,834	8.4%	7.0%	$ 354,563	$ 301,709	17.5%	13.2%
New Bookings	$ 26,253	$ 34,173	(23.2%)	(23.4%)	$ 94,493	$ 112,540	(16.0%)	(19.1%)
Recurring New Bookings	$ 18,236	$ 20,849	(12.5%)	(12.6%)	$ 64,507	$ 74,434	(13.3%)	(16.3%)
Non-Recurring New Bookings*	$ 8,017	$ 13,324	(39.8%)	(40.2%)	$ 29,986	$ 38,106	(21.3%)	(24.4%)
AE Software Maintenance Retention Rate*	93%	97%			96%	97%		
Geographical revenue split								
North America	77%	79%			77%	77%		
International	23%	21%			23%	23%		
Cloud Adoption Rate (as at end of period)	74%	64%			74%	64%		

Property Tax

In thousands of dollars	Quarter ended December 31, 2023	2022	% Change	CC% Change	Year ended December 31, 2023	2022	% Change	CC% Change
Revenues	$ 60,524	$ 55,830	8.4%	5.9%	$ 263,111	$ 268,583	(2.0%)	(4.6%)
Adjusted EBITDA	$ 13,310	$ 14,412	(7.6%)	(10.5%)	$ 69,277	$ 87,533	(20.9%)	(23.1%)
Adjusted EBITDA margin	22.0%	25.8%			26.3%	32.6%		

Appraisals and Development Advisory

In thousands of dollars	Quarter ended December 31, 2023	2022	% Change	CC % Change	Year ended December 31, 2023	2022	% Change	CC % Change
Revenues	$ 28,046	$ 32,049	(12.5%)	(12.4%)	$ 117,577	$ 121,469	(3.2%)	(3.1%)
Adjusted EBITDA	$ 2,254	$ 5,578	(59.6%)	(59.6%)	$ 11,540	$ 17,099	(32.5%)	(32.3%)
Adjusted EBITDA margin	8.0%	17.4%			9.8%	14.1%		

Q4 2023 Review

On a consolidated basis, revenues were $191.6 million, up 4.3% (2.8% on a Constant Currency* basis), and Adjusted EBITDA was $34.2 million, down 2.2% (3.4% on a Constant Currency basis). Adjusted EPS improved to $0.46 from $0.44 in the fourth quarter of 2022.

Profit (loss) was $(0.1) million and $(0.00) per share, basic and diluted, compared to $(8.8) million and $(0.20) per share, basic and diluted, in the same period in 2022. Profit benefitted from higher revenues and lower costs following the completion of the 2022 global restructuring program, offset by higher operating costs as well as expenses associated with the Company's recently announced acquisitions.

Analytics revenues were $103.2 million, up 7.4% (6.1% on a Constant Currency basis). Organic Revenue* growth was 6.9% (5.6% on a Constant Currency basis). Adjusted EBITDA was $28.1 million, up 9.0% (7.9% on a Constant Currency basis), driving an Adjusted EBITDA margin of 27.3%, up 40 basis points (40 basis points on a Constant Currency basis).

- Revenue growth was driven by robust Recurring Revenue performance benefitting from the ongoing transition to cloud subscriptions, new sales, and a higher number of assets on the Valuation Management Solutions ("VMS") platform.

- Recurring Revenue was $93.0 million, up 8.4% (7.0% on a Constant Currency basis). Sequentially, Recurring Revenue increased by 6.4% from $87.4 million in the third quarter of 2023, driven primarily by seasonality in new sales and the frequency of valuations at VMS.

- New Bookings totalled $26.3 million, down 23.2% (23.4% on a Constant Currency basis). Recurring New Bookings totalled $18.2 million, down 12.5% (12.6% on a Constant Currency basis), and Non-Recurring New Bookings were $8.0 million, down 39.8% (40.2% on a Constant Currency basis). New Bookings performance and growth was primarily impacted by the current economic environment.

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

Property Tax revenues were $60.5 million, up 8.4% (5.9% on a Constant Currency basis), and Adjusted EBITDA was $13.3 million, down 7.6% (10.5% on a Constant Currency basis). Growth in the U.S. and the U.K. was partially offset by a decline in Canada where the Ontario cycle extension is impacting growth. Adjusted EBITDA reflects higher compensation expenditures and ongoing investments in the Company's cybersecurity and other technology infrastructure, as well as geographic variances of the revenue base on a year-over-year view. The margin contribution varies by geography with the U.K. operations having the highest margin profile.

Appraisals and Development Advisory revenues were $28.0 million, down 12.5% (12.4% on a Constant Currency basis), and Adjusted EBITDA was $2.3 million, down 59.6% (59.6% on a Constant Currency basis). The performance reflects muted market activity in the current economic environment.

Corporate Costs were $9.5 million, down from $10.9 million in the same period in 2022.

Free Cash Flow was $40.1 million, up 109.3%, and net cash provided by operating activities was $44.7 million, up 62.7%.

As at December 31, 2023, bank debt was $308.6 million and cash and cash equivalents was $41.9 million (representing a Funded debt to EBITDA ratio as defined in the Company's credit facility agreement of 2.06 times, or a Net debt to Adjusted EBITDA leverage ratio of 1.98 times).

Q1 2024 Dividend

Altus Group's Board of Directors approved the payment of a cash dividend of $0.15 per common share for the first quarter ending March 31, 2024, with payment to be made on April 15, 2024 to common shareholders of record as at March 31, 2024.

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

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

2024 Business Outlook

The business outlook is presented on a Constant Currency basis over fiscal 2023. Future acquisitions are not factored into this outlook.

"Looking ahead, we expect that the CRE macro pressures will begin to ease by the second half of the year as interest rates and credit conditions begin to stabilize," said Pawan Chhabra, Chief Financial Officer. "The top end of our Analytics outlook range assumes growth ramping in the second half. We remain focused on what's within our control – improving earnings and maximizing cash generation – which we're confident we can do even on a single-digit topline growth rate."

In fiscal 2024 management expects to grow consolidated revenue in the single digits, grow Adjusted EBITDA in the double digits, and improve Adjusted EBITDA margin over 2023. The business outlook for fiscal 2024 by reportable segment is as follows:

Business segment:	*FY 2024 outlook:*
Analytics	• 8 – 12% Recurring Revenue growth (excluding REVS) • 400 – 500 bps of Adjusted EBITDA margin expansion
Property Tax	• Low-to-mid single digit revenue growth • 50 – 200 bps of Adjusted EBITDA margin expansion
Appraisals & Development Advisory	• Low single digit revenue growth • Double digit improvement in Adjusted EBITDA

Forecasting future results or trends is inherently difficult for any business and actual results or trends may vary significantly. The business outlook is forward-looking information that is based upon the assumptions and subject to the material risks discussed under the "Forward-Looking Information Disclaimer" section.

Key assumptions for the business outlook by segment: Analytics: consistency and growth in number of assets on the Valuation Management Solutions platform, continued ARGUS cloud conversions, new sales (including New Bookings converting to revenue within Management's expected timeline), client and software retention consistent with 2023 levels, pricing action, the successful integration of Forbury, improved operating leverage, as well as consistent and increasingly stable economic conditions in financial and CRE markets. Property Tax: continued market share gains, new sales, optimized client outcomes that result in improved contingency payments, and *improved operating leverage with technology. Appraisal & Development Advisory: improved client profitability and improved operating leverage.*

Q4 & FY 2023 Results Conference Call & Webcast

Date:	Thursday, February 22, 2024
Time:	5:00 p.m. (ET)
Webcast:	https://events.q4inc.com/attendee/963724916
Live Call:	1-888-660-6785 (toll-free) (Conference ID: 8366990)
Replay:	https://www.altusgroup.com/investor-relations/

About Altus Group

Altus Group is a leading provider of asset and fund intelligence for commercial real estate. We deliver intelligence as a service to our global client base through a connected platform of industry-leading technology, advanced analytics, and advisory services. Trusted by the largest CRE leaders, our capabilities help commercial real estate investors, developers, proprietors, lenders, and advisors manage risks and improve performance returns throughout the asset and fund lifecycle. Altus Group is a global company headquartered in Toronto with approximately 3,000 employees across North America, EMEA and Asia Pacific. For more information about Altus (TSX: AIF) please visit www.altusgroup.com.

Non-GAAP and Other Measures

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

Adjusted Earnings (Loss): Altus Group uses Adjusted Earnings (Loss) to facilitate the calculation of Adjusted EPS. 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 and other measures presented at Constant Currency within this document are obtained by translating monthly results denominated in local currency (U.S. dollars, British pound, Euro, Australian dollars, and other foreign currencies) to Canadian dollars at the foreign exchange rates of the comparable month in the previous year.

Adjusted EPS: Altus Group uses Adjusted EPS to assess the performance of the business, on a per share basis, before the effects of the noted items because they affect the comparability of the Company's financial results and could potentially distort the analysis of trends in business performance. 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 the various segments. All other Adjusted EBITDA references are disclosed in the financial statements and are not considered to be non-GAAP financial measures pursuant to NI 52-112. How it's calculated: Profit (loss) added or (deducted) by: profit (loss) from discontinued operations; occupancy costs calculated on a similar basis prior to the adoption of IFRS 16; depreciation of right-of-use assets; depreciation of property, plant and equipment and amortization of intangibles; acquisition and related transition costs (income); unrealized foreign exchange (gains) losses; (gains) losses on disposal of right-of-use assets, property, plant and equipment and intangibles; share of (profit) loss of joint venture; non-cash share-based compensation costs; (gains) losses on equity derivatives net of mark-to market adjustments on related restricted share units ("RSUs") and deferred share units ("DSUs"); (gains) losses on derivatives, restructuring costs (recovery); impairment charges; (gains) losses on investments; other costs or income of a non-operating and/or non-recurring nature; finance costs (income), net - leases; finance costs (income), net - other; and income tax expense (recovery).

Free Cash Flow: Altus Group uses Free Cash Flow to understand how much of the cash generated from operating activities is available to repay borrowings and to reinvest in the Company. 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, Recurring New Bookings and Non-Recurring New Bookings: For its Analytics reportable segment, Altus Group uses New Bookings, Recurring New Bookings and Non-Recurring New Bookings as measures to track the performance and success of sales initiatives, and as an indicator of future revenue growth. New Bookings is inclusive of any new signed contracts as well as any additional solutions and services added by existing customers within the Analytics reportable segment. The contract value of renewals is excluded from this metric with the exception of additional capacity or products purchased at the time of renewal. 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). *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: For its Analytics reportable segment, Altus Group uses Recurring Revenue as measures to assess revenue trends in the business, and as indicators 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.

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 its expectations with respect to cash flows and liquidity. Generally, forward-looking information can be identified by use of words such as "may", "will", "expect", "believe", "anticipate", "estimate", "intend", "plan", "would", "could", "should", "continue", "goal", "objective", "remain" and other similar terminology.

Forward-looking information is not, and cannot be, a guarantee of future results or events. Forward-looking information is based on, among other things, opinions, assumptions, estimates and analyses that, while considered reasonable by us at the date the forward-looking information is provided, inherently are subject to significant risks, uncertainties, contingencies and other factors that may not be known and may cause actual results, performance or achievements, industry results or events to be materially different from those expressed or implied by the forward-looking information. The material factors or assumptions that the Company identified and applied in drawing conclusions or making forecasts or projections set out in the forward-looking information (including the 2024 Business Outlook Summary) include, but are not limited to: engagement and product pipeline opportunities in Analytics will result in associated definitive agreements; continued adoption of cloud subscriptions by the Company's customers; retention of material clients and bookings; sustaining the Company's software and subscription renewals; settlement volumes in the Property Tax reportable segment occurring on a timely basis and assessment authorities processing appeals in a manner consistent with expectations; successful execution of the Company's business strategies; consistent and stable economic conditions or conditions in the financial markets including stable interest rates and credit availability for CRE; consistent and stable legislation in the various countries in which the Company operate; consistent and stable foreign exchange conditions; no disruptive changes in the technology environment; opportunity to acquire accretive businesses and the absence of negative financial and other impacts resulting from strategic investments or acquisitions on short term results; successful integration of acquired businesses; and continued availability of qualified professionals.

Inherent in the forward-looking information are known and unknown risks, uncertainties and other factors that could cause the Company's actual results, performance or achievements, or industry results, to differ materially from any results, performance or achievements expressed or implied by such forward-looking information. Those risks include, but are not limited to: the commercial real estate market, the general state of the economy; the Company's financial performance; the Company's financial targets; the Company's international operations; acquisitions; business interruption events; third party information and data; cybersecurity; industry competition; professional talent; the Company's subscription renewals; the Company's sales pipeline; client concentration and loss of material clients; the Company's cloud transition; product enhancements and new product introductions; technological strategy; intellectual property; property tax appeals and seasonality; compliance with laws and regulations; privacy and data protection; artificial intelligence; the Company's use of technology; the Company's leverage and financial covenants; interest rates; inflation; the Company's brand and reputation; fixed price and contingency engagements; currency fluctuations; credit; tax matters; health and safety hazards; the Company's contractual obligations; legal proceedings; regulatory review; the Company's insurance limits; the Company's ability to meet the solvency requirements necessary to make dividend payments; the Company's share price; the Company's capital investments; the issuance of additional common shares and debt, the Company's internal and disclosure controls; environmental, social and governance ("ESG") matters; climate risk; and geopolitical risks, as well as those described in the Company's annual publicly filed documents, including the Annual Information Form for the year ended December 31, 2023 (which are available on SEDAR+ at www.sedarplus.ca).

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

Certain information in this press release, including sections entitled "2024 Business Outlook Summary", 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, 2023 and 2022 (Expressed in Thousands of Canadian Dollars, Except for Per Share Amounts)

	Year ended December 31, 2023	2022
Revenues	**$ 772,843**	$ 735,451
Expenses		
Employee compensation	**481,765**	463,949
Occupancy	**7,848**	7,032
Other operating	**176,484**	152,893
Depreciation of right-of-use assets	**11,121**	11,968
Depreciation of property, plant and equipment	**6,102**	6,562
Amortization of intangibles	**40,717**	40,995
Acquisition and related transition costs (income)	**3,834**	4,928
Share of (profit) loss of joint venture	**(3,146)**	(3,013)
Restructuring costs (recovery)	**388**	38,896
(Gain) loss on investments	**301**	164
Finance costs (income), net - leases	**1,222**	1,913
Finance costs (income), net - other	**23,877**	5,284
Profit (loss) before income taxes	**22,330**	3,880
Income tax expense (recovery)	**12,098**	4,769
Profit (loss) for the year	**$ 10,232**	$ (889)
Profit (loss) for the year attributable to:		
Non-controlling interest	**$ -**	$ (3)
Shareholders of the Company	**$ 10,232**	$ (886)
Other comprehensive income (loss):		
Items that may be reclassified to profit or loss in subsequent periods:		
Currency translation differences	**(2,055)**	11,027
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	**(1,144)**	(328)
Other comprehensive income (loss), net of tax	**(3,199)**	10,699
Total comprehensive income (loss) for the year, net of tax	**$ 7,033**	$ 9,810
Comprehensive income (loss) for the year, net of tax, attributable to:		
Non-controlling interest	**$ -**	$ (3)
Shareholders of the Company	**$ 7,033**	$ 9,813
Earnings (loss) per share attributable to the shareholders of the Company during the year		
Basic earnings (loss) per share	**$0.23**	$(0.02)
Diluted earnings (loss) per share	**$0.22**	$(0.02)

Consolidated Balance Sheets
As at December 31, 2023 and 2022
(Expressed in Thousands of Canadian Dollars)

	December 31, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	**$ 41,892**	$ 55,267
Trade receivables and other	**250,462**	255,518
Income taxes recoverable	**9,532**	7,399
Derivative financial instruments	**677**	1,694
Total current assets	**302,563**	319,878
Non-current assets		
Trade receivables and other	**10,511**	6,969
Derivative financial instruments	**8,134**	18,519
Investments	**14,509**	19,313
Investment in joint venture	**22,655**	19,509
Deferred tax assets	**30,650**	28,855
Right-of-use assets	**25,282**	38,873
Property, plant and equipment	**19,768**	21,582
Intangibles	**270,641**	292,806
Goodwill	**509,980**	497,582
Total non-current assets	**912,130**	944,008
Total assets	**$ 1,214,693**	$ 1,263,886
Liabilities		
Current liabilities		
Trade payables and other	**$ 199,220**	$ 222,941
Income taxes payable	**4,710**	2,063
Lease liabilities	**14,346**	14,856
Total current liabilities	**218,276**	239,860
Non-current liabilities		
Trade payables and other	**22,530**	27,265
Lease liabilities	**33,755**	45,459
Borrowings	**307,451**	317,828
Deferred tax liabilities	**30,144**	33,604
Total non-current liabilities	**393,880**	424,156
Total liabilities	**612,156**	664,016
Shareholders' equity		
Share capital	**769,296**	747,668
Contributed surplus	**50,143**	48,608
Accumulated other comprehensive income (loss)	**42,434**	47,165
Retained earnings (deficit)	**(259,336)**	(243,571)
Total shareholders' equity	**602,537**	599,870
Total liabilities and shareholders' equity	**$ 1,214,693**	$ 1,263,886

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022
(Expressed in Thousands of Canadian Dollars)

	Year ended December 31, 2023	2022
Cash flows from operating activities		
Profit (loss) before income taxes	**$ 22,330**	$ 3,880
Adjustments for:		
Depreciation of right-of-use assets	**11,121**	11,968
Depreciation of property, plant and equipment	**6,102**	6,562
Amortization of intangibles	**40,717**	40,995
Finance costs (income), net - leases	**1,222**	1,913
Finance costs (income), net - other	**23,877**	5,284
Share-based compensation	**23,068**	29,380
Unrealized foreign exchange (gain) loss	**1,622**	(3,854)
(Gain) loss on investments	**301**	164
(Gain) loss on disposal of right-of-use assets, property, plant and equipment and intangibles	**454**	825
(Gain) loss on equity derivatives	**8,599**	8,740
Share of (profit) loss of joint venture	**(3,146)**	(3,013)
Impairment of right-of-use assets, net of (gain) loss on sub-leases	**(565)**	6,906
Net changes in:		
Operating working capital	**(24,117)**	177
Liabilities for cash-settled share-based compensation	**591**	(5,303)
Deferred consideration payables	**(1,610)**	(3,384)
Contingent consideration payables	**(2,989)**	3,010
Net cash generated by (used in) operations	**107,577**	104,250
Less: interest paid on borrowings	**(20,273)**	(11,729)
Less: interest paid on leases	**(1,222)**	(1,913)
Less: income taxes paid	**(14,889)**	(14,832)
Add: income taxes refunded	**236**	1,309
Net cash provided by (used in) operating activities	**71,429**	77,085
Cash flows from financing activities		
Proceeds from exercise of options	**10,417**	8,161
Financing fees paid	**(8)**	(1,898)
Proceeds from borrowings	**72,154**	84,500
Repayment of borrowings	**(83,599)**	(57,136)
Payments of principal on lease liabilities	**(15,094)**	(14,982)
Proceeds from right-of-use asset lease inducements	**525**	-
Dividends paid	**(26,579)**	(24,699)
Treasury shares purchased for share-based compensation	**(4,817)**	(4,608)
Cancellation of shares	**(4,780)**	(8,003)
Net cash provided by (used in) financing activities	**(51,781)**	(18,665)
Cash flows from investing activities		
Purchase of investments	**(841)**	(858)
Purchase of intangibles	**(7,664)**	(19,047)
Purchase of property, plant and equipment	**(4,827)**	(5,433)
Proceeds from investments	**28**	22
Proceeds from disposal of investments	**3,471**	1,112
Acquisitions, net of cash acquired	**(25,090)**	(29,853)
Net cash provided by (used in) investing activities	**(34,923)**	(54,057)
Effect of foreign currency translation	**1,900**	(367)
Net increase (decrease) in cash and cash equivalents	**(13,375)**	3,996
Cash and cash equivalents, beginning of year	**55,267**	51,271
Cash and cash equivalents, end of year	**$ 41,892**	$ 55,267

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	**2023**	2022	**2023**	2022
Profit (loss) for the period	$ (140)	$ (8,759)	$ 10,232	$ (889)
Occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 (1)	(2,859)	(2,905)	(11,902)	(11,993)
Depreciation of right-of-use assets	2,690	2,831	11,121	11,968
Depreciation of property, plant and equipment and amortization of intangibles (7)	12,031	11,290	46,819	47,557
Acquisition and related transition costs (income)	3,759	207	3,834	4,928
Unrealized foreign exchange (gain) loss (2)	904	(1,821)	1,622	(3,854)
(Gain) loss on disposal of right-of-use assets, property, plant and equipment and intangibles (2)	(2)	825	454	825
Share of (profit) loss of joint venture	(810)	(786)	(3,146)	(3,013)
Non-cash share-based compensation costs (3)	4,455	7,123	19,792	24,544
(Gain) loss on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs (3)	942	(1,890)	4,594	2,481
Restructuring costs (recovery)	311	17,001	388	38,896
(Gain) loss on investments (4)	659	47	301	164
Other non-operating and/or non-recurring (income) costs (5)	2,658	2,957	13,735	11,742
Finance costs (income), net - leases	265	463	1,222	1,913
Finance costs (income), net - other (8)	8,823	7,918	23,877	5,284
Income tax expense (recovery) (9)	482	427	12,098	4,769
Adjusted EBITDA	$ 34,168	$ 34,928	$ 135,041	$ 135,322
Depreciation of property, plant and equipment and amortization of intangibles of non-acquired businesses (7)	(3,602)	(2,376)	(13,506)	(8,955)
Finance (costs) income, net - other (8)	(8,823)	(7,918)	(23,877)	(5,284)
(Gain) loss on hedging transactions, including currency forward contracts and interest expense (income) on swaps	3,762	3,396	3,057	(6,856)
Interest accretion on contingent consideration payables	-	-	-	6
Tax effect of adjusted earnings (loss) adjustments (9)	(4,613)	(7,939)	(25,527)	(28,511)
Adjusted earnings (loss)*	$ 20,892	$ 20,091	$ 75,188	$ 85,722
Weighted average number of shares - basic	45,421,165	44,715,291	45,302,194	44,635,448
Weighted average number of restricted shares	433,123	597,408	485,530	633,675
Weighted average number of shares - adjusted	45,854,288	45,312,699	45,787,724	45,269,123
Adjusted earnings (loss) per share (6)	$0.46	$0.44	1.64	$1.89

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

(2) Included in other operating expenses in the 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, 2023 relate to legal, advisory, consulting, and other professional fees related to organizational and strategic initiatives. For the quarter and year ended December 31, 2022, other non-operating and/or non-recurring income (costs) 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. These are included in 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 3 of the MD&A for the definition of Adjusted Earnings (Loss).

Reconciliation of Free Cash Flow

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

Free Cash Flow	**Quarter ended December 31,**		**Year ended December 31,**	
In thousands of dollars	**2023**	2022	**2023**	2022
Net cash provided by (used in) operating activities	$ 44,693	$ 27,465	$ 71,429	$ 77,085
Less: Capital Expenditures	4,552	8,285	12,491	24,480
Free Cash Flow	$ 40,141	$ 19,180	$ 58,938	$ 52,605

Constant Currency

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

	Quarter ended December 31, 2023		**Year ended December 31, 2023**	
	As presented	For Constant Currency	As presented	For Constant Currency
Canadian Dollar	1.000	1.000	1.000	1.000
United States Dollar	1.361	1.357	1.349	1.301
Pound Sterling	1.689	1.593	1.677	1.608
Euro	1.464	1.386	1.459	1.370
Australian Dollar	0.886	0.892	0.896	0.903

	Quarter ended December 31, 2023		**Year ended December 31, 2023**	
	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