Altus Group

Q2 2023 Earnings Call & Webcast

TSX: AIF | August 10, 2023

Forward-looking information & statements

Certain information in this presentation may constitute “forward-looking information” within the meaning of applicable securities legislation. All information contained in Management’s Discussion and Analysis for the period ended June 30, 2023 (‘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, strategies and expectations of future performance, including any 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.

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 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 Analytics will result in associated definitive agreements; continued adoption of cloud subscriptions by our customers; retention of material clients and bookings; sustaining our 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 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; 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 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 include, but are not limited to: the general state of the economy; our financial performance; our financial targets; the commercial real estate market; our international operations; acquisitions; industry competition; business interruption events; third party information; cybersecurity; professional talent; our cloud subscriptions transition; software renewals; our sales pipeline; enterprise transactions; client 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; regulatory review; 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; the issuance of additional common shares and debt, our internal and disclosure controls; environmental, social and governance (“ESG”) matters; and catastrophic or geo-political conditions such as the COVID-19 pandemic, as well as those described in our annual publicly filed documents, including the Annual Information Form for the year ended December 31, 2022 (which are available on SEDAR at www.sedar.com).

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 the 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 presentation, including sections entitled “Business 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.

Non-GAAP and other measures

We use 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"). We believe that these measures may assist investors in assessing an investment in our shares as they provide additional insight into our 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.

Please refer to the Company's most current MD&A or the Appendix of this presentation for a full list and definitions of the non-GAAP and other financial measures referred in this presentation.

Financial update

Q2 2023

Pawan Chhabra
Chief Financial Officer

Consolidated Q2 2023 performance

$ CAD Millions, except EPS figures	Q2 2023	Q2 2022	Year-over-year change As Reported	CC*
Revenues	**$205.2**	$206.4	▼ 0.6%	▼ 4.1%
Profit (Loss)	**$11.9**	$12.5	▼ 5.1%	
Basic EPS	**$0.26**	$0.28	▼ 7.1%	
Diluted EPS	**$0.26**	$0.28	▼ 7.1%	
Adjusted EBITDA*	**$44.7**	$49.7	▼ 10.1%	▼ 15.3%
Adjusted EBITDA margin*	**21.8%**	24.1%	▼ 230 bps	
Adjusted EPS*	**$0.53**	$0.77	▼ 31.2%	
Net cash provided by (used in) operating activities	**$21.7**	$32.7	▼ 33.5%	
Free Cash Flow*	**$19.1**	$25.8	▼ 25.9%	

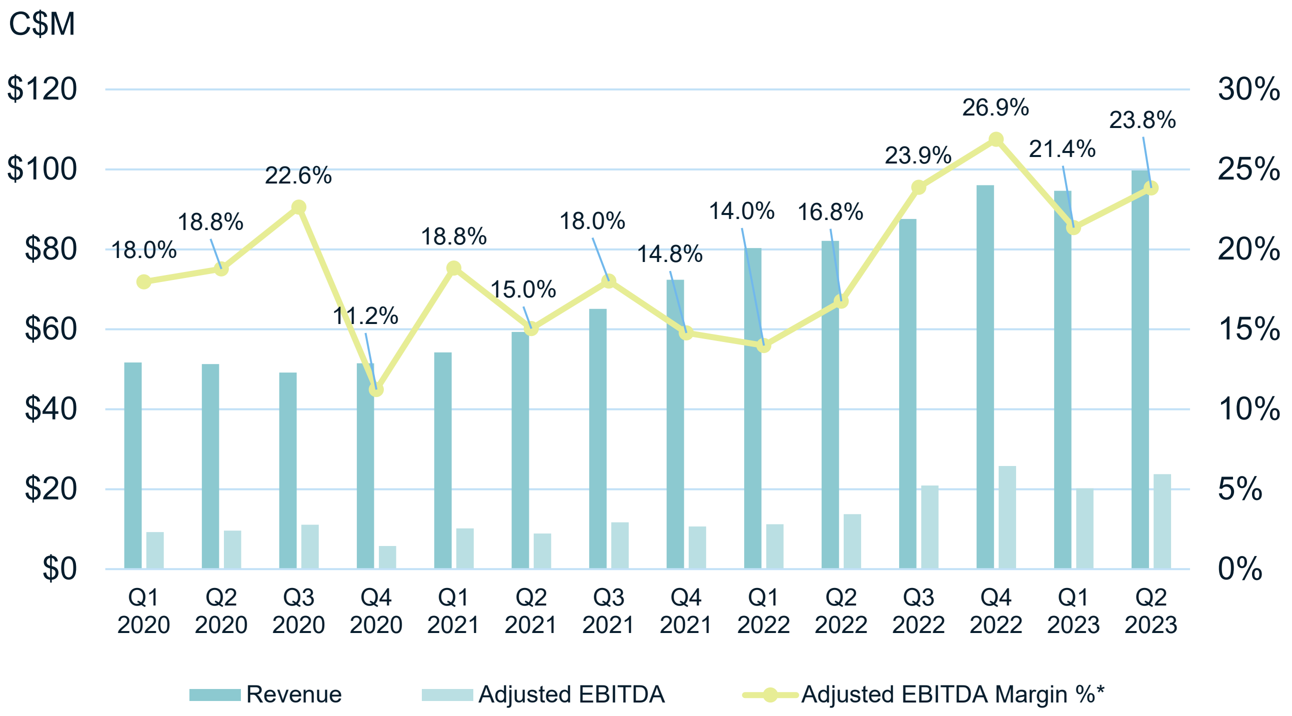
Results reflect expected -$33.2M jurisdictional reset of UK tax valuation list

Adjusting for the impact of the UK annuity billings, consolidated Q2 2023 revenue growth would be 18.4% as reported (14.3% constant currency).*

Free Cash Flow in Q2 2023 continued to reflect the temporarily increased working capital balances as we ramp the new ERP system.*

** Non-GAAP and other financial measure | CC = Constant Currency | All growth rates (% & bps) are presented on a y/y view*

Growing revenues & expanding margins at Analytics



Q2 2023:

		As reported	CC*
Revenue	$99.7M	▲ **21.4%**	▲ **15.5%**
Recurring Revenue*	$88.8M	▲ **25.2%**	▲ **19.0%**
Adjusted EBITDA	$23.8M	▲ **72.8%**	▲ **59.0%**
Adjusted EBITDA margin*	23.8%	▲ **700** bps	

All Q2 2023 Analytics revenue is Organic Revenue*

** Non-GAAP and other financial measure | CC = Constant Currency | All growth rates (% & bps) are presented on a y/y view*

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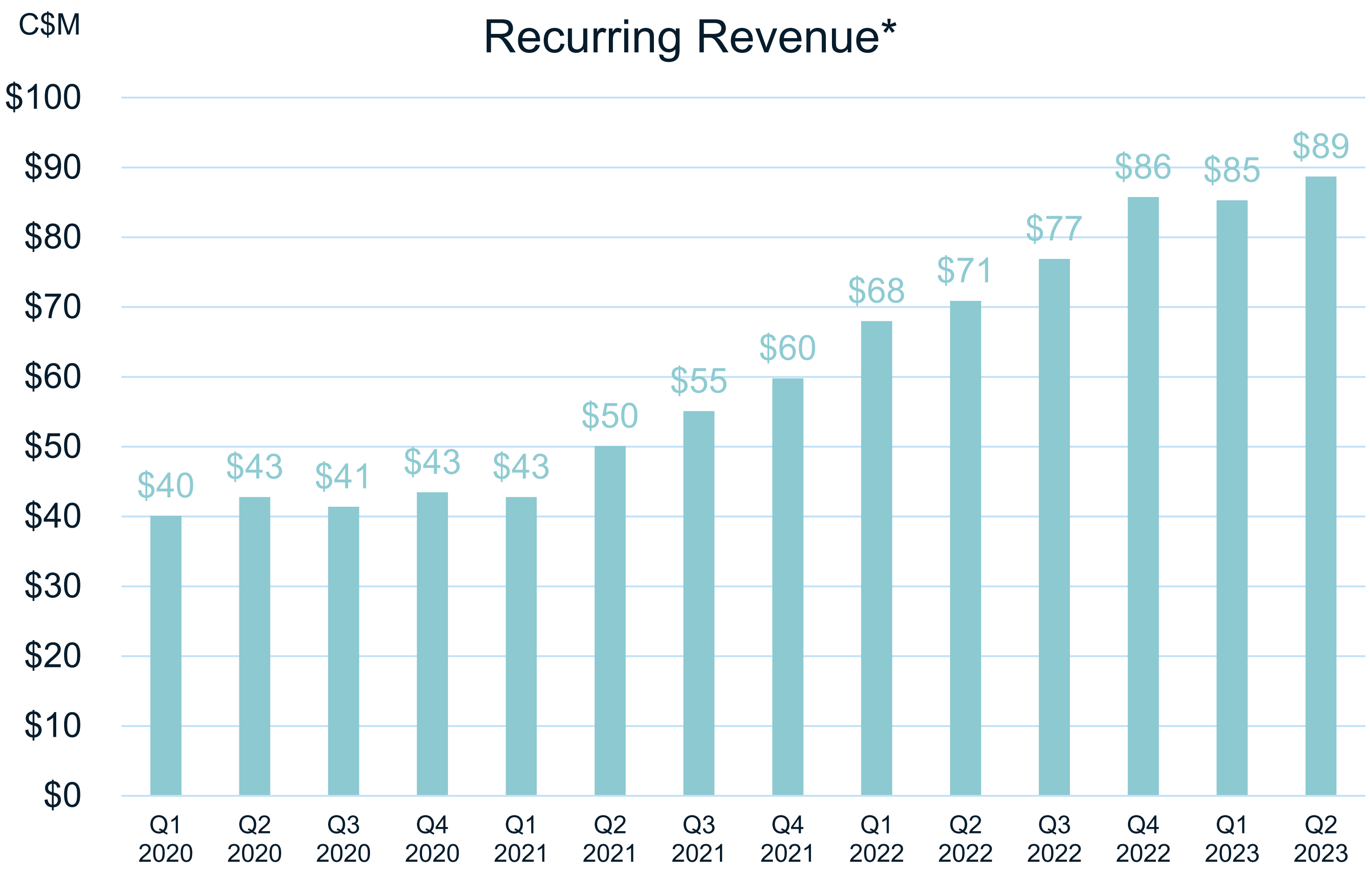
Growing Analytics recurring revenue base



Q2 2023:

▲19.0%

(y/y, CC*)

89% of Analytics revenues are recurring

** Non-GAAP and other financial measure | CC = Constant Currency | All % growth rates are presented on a y/y view*

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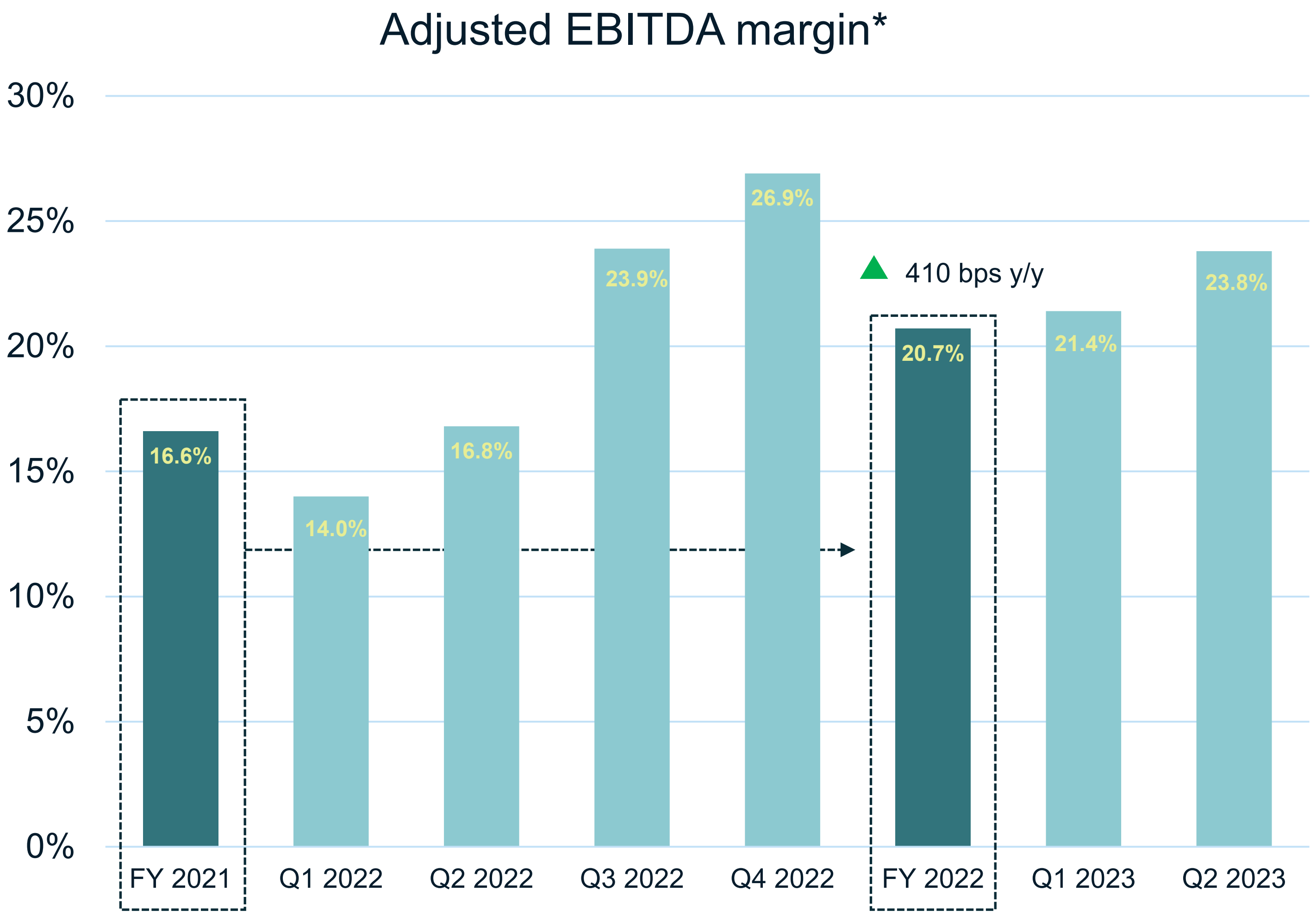
Expanding Analytics margins



Q2 2023:

23.8%

Adjusted EBITDA margin*

▲ **700** bps y/y

YTD 2023:

22.6%

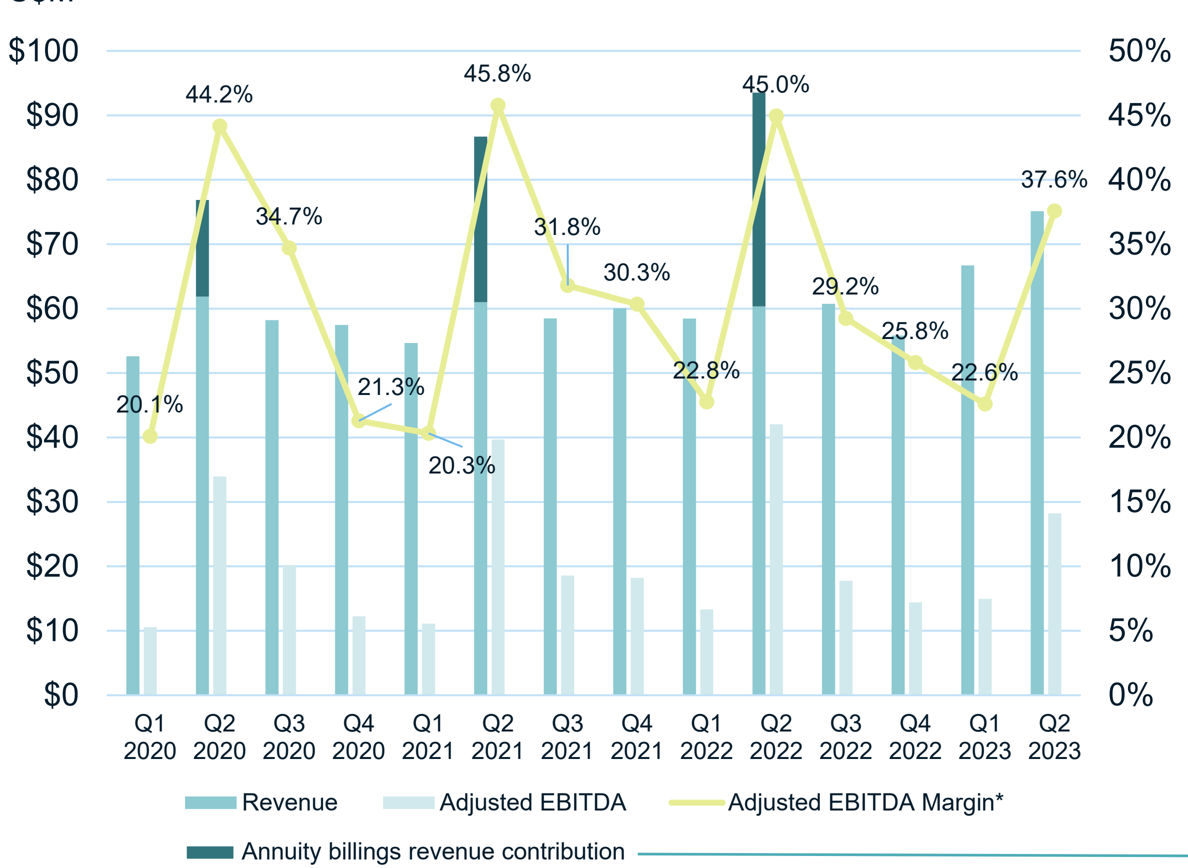
Adjusted EBITDA margin*

▲ **720** bps y/y

** Non-GAAP and other financial measure | YTD as at June 30, 2023 | All growth rates (bps & %) are presented on a y/y view*

Property Tax performance

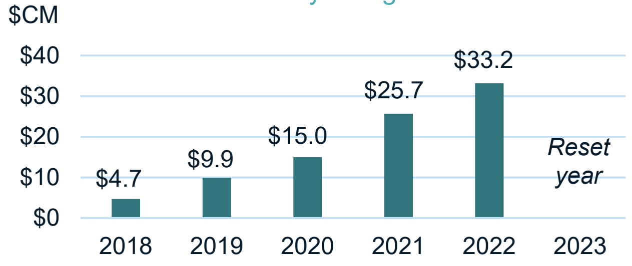
Q2 2023 results reflect the reset of the UK annuity billings:



Q2 2023:

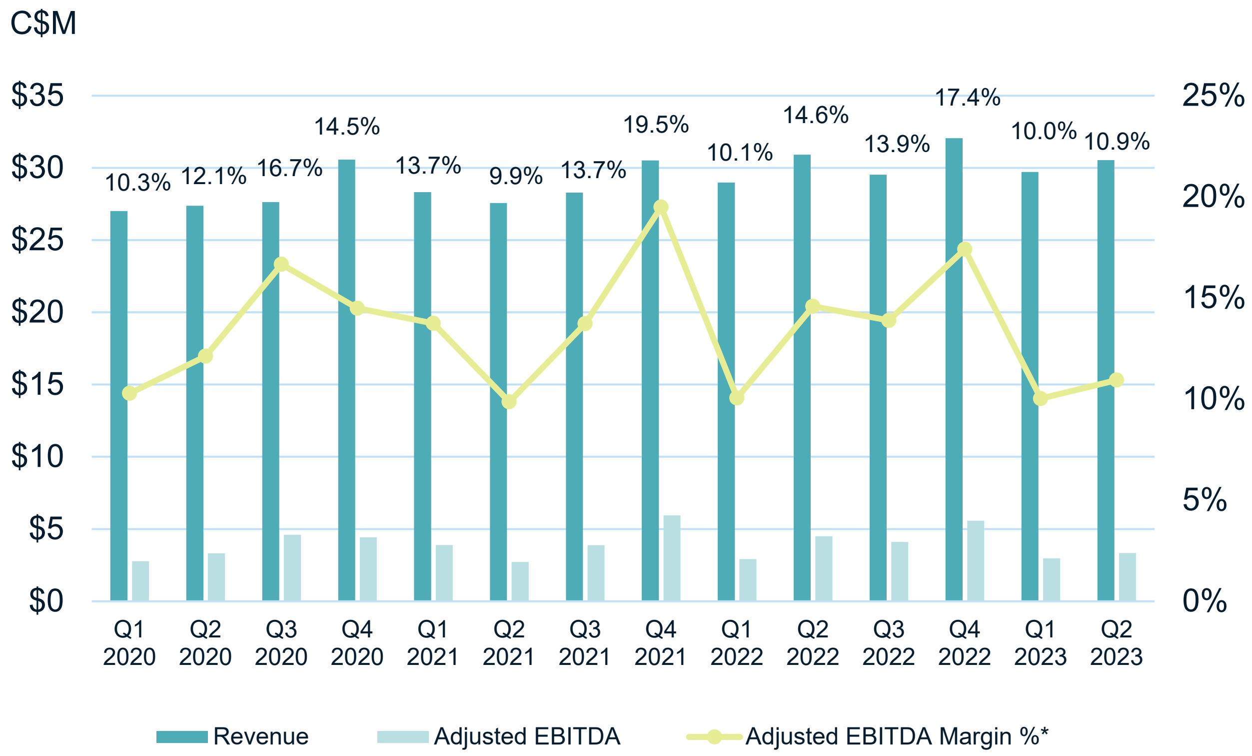
		As reported	CC*
Revenue	$75.1M	▼ **19.7%**	▼ **22.4%**
Revenue growth rate adjusted to exclude UK annuity billings from 2022:		▲ **24.5%**	▲ **20.4%**
Adjusted EBITDA	$28.2M	▼ **32.9%**	▼ **35.3%**
Adjusted EBITDA margin*	37.6%	▼ **740** bps	

Historic UK annuity billings contributions:



** Non-GAAP and other financial measure | CC = Constant Currency | All growth rates (% & bps) are presented on a y/y view*

Appraisals & Development Advisory performance



Q2 2023:

		As reported	CC*
Revenue	$30.5M	▼ **1.2%**	▼ **1.0%**
Adjusted EBITDA	$3.3M	▼ **25.9%**	▼ **25.3%**
Adjusted EBITDA margin*	10.9%	▼ **370** bps	

** Non-GAAP and other financial measure | CC = Constant Currency | All growth rates (% & bps) are presented on a y/y view*

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Healthy balance sheet enables continued investment in growth

$43.1 M	CASH POSITION
$335.8 M	BANK DEBT
2.19x	FUNDED DEBT TO EBITDA RATIO
2.10x	NET DEBT TO ADJUSTED EBITDA RATIO*

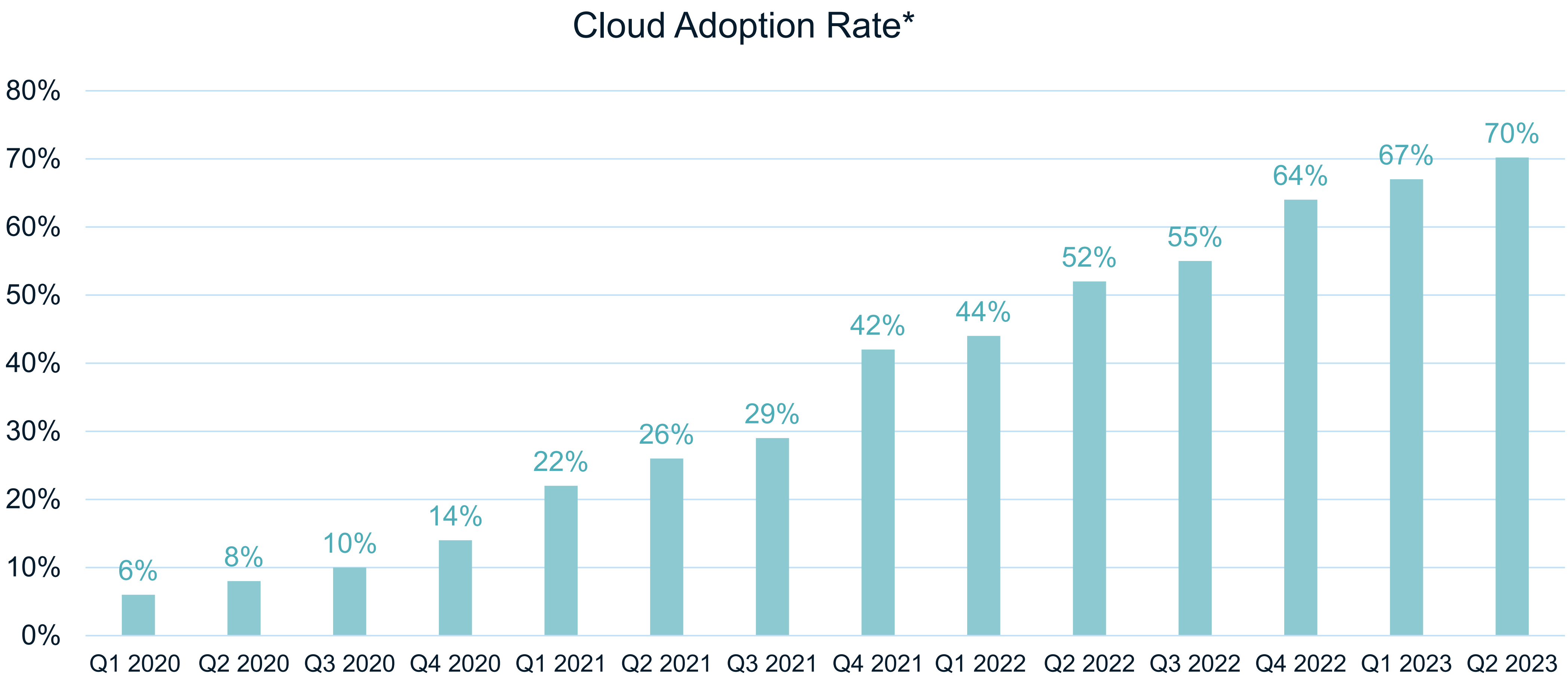
* Non-GAAP and other financial measure | All figures are as at June 20, 2023

Operational update

Q2 2023

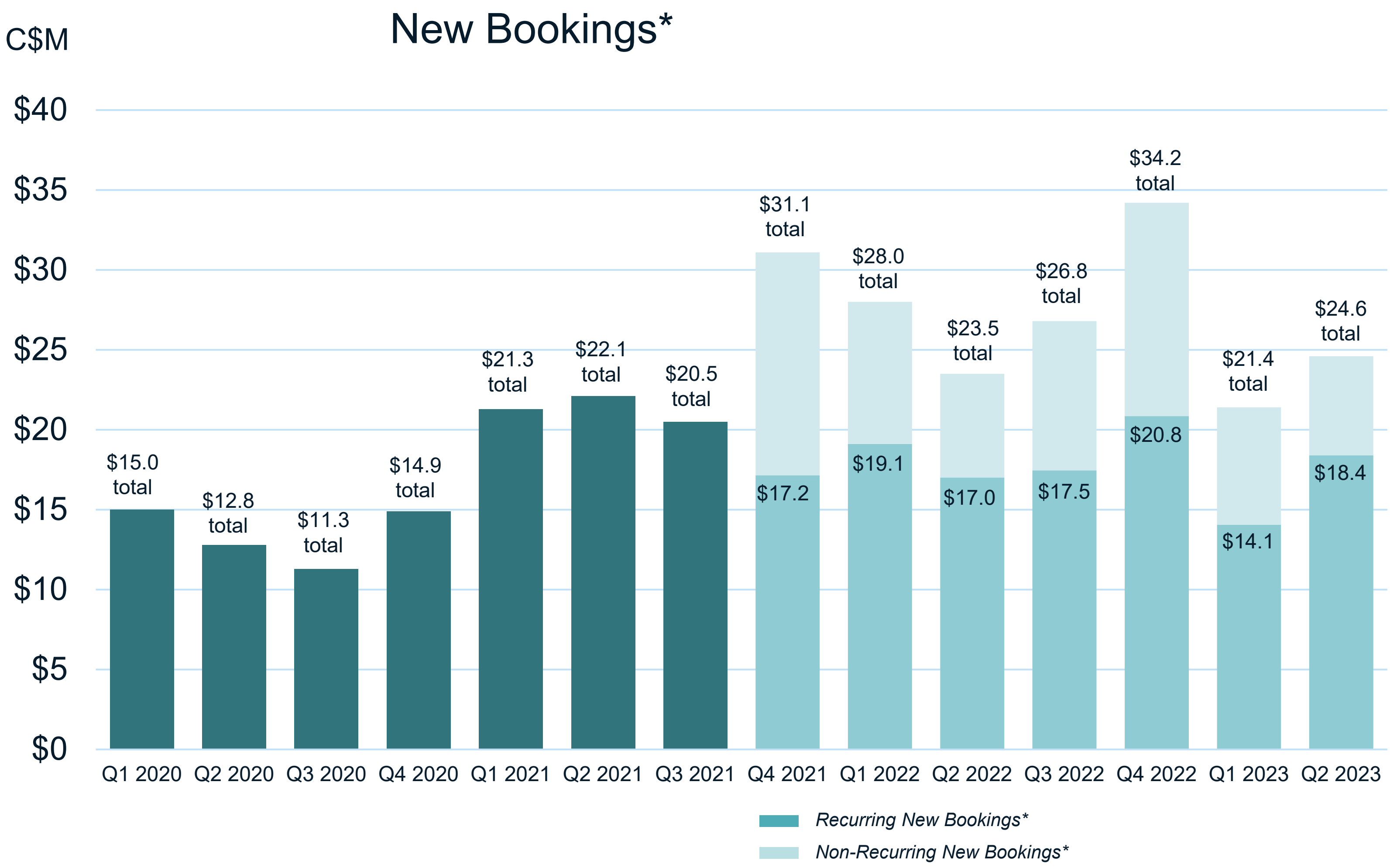
Jim Hannon
Chief Executive Officer

Steady ARGUS Cloud adoption



** Non-GAAP and other financial measure*

Adding new bookings at Analytics



Q2 2023:

▲ 0.4%

New Bookings*

(y/y, CC*)

▲ 3.4%

Recurring New Bookings*

(y/y, CC*)

New Bookings includes new signed contracts and additional solutions and services added by existing customers. The contract value of renewals is excluded, with the exception of additional capacity or products purchased at the time of renewal.*

** Non-GAAP and other financial measure | CC = Constant Currency | All % growth rates are presented on a y/y view | Introduced bookings split in Q4 2022 report with y/y compare view*

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Question period

For additional inquiries please email IR@altusgroup.com

Appendix

Well positioned for sustained growth in 2023

BUSINESS OUTLOOK

	FY 2023 PERFORMANCE EXPECTATIONS
CONSOLIDATED	• Sustained revenue & Adjusted EBITDA* growth
ANALYTICS	• Double-digit revenue growth and expanded Adjusted EBITDA margin*
PROPERTY TAX	• U.K. annuity revenue stream resets in 2023; cyclicality to cause revenue and Adjusted EBITDA to be below 2022 levels as growth from other markets not expected to fully offset the impact
APPRAISALS & DEVELOPMENT	• Single-digit revenue growth

On an organic, Constant Currency basis over full year 2022*

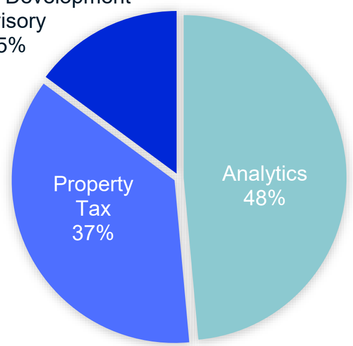
Disclaimer:

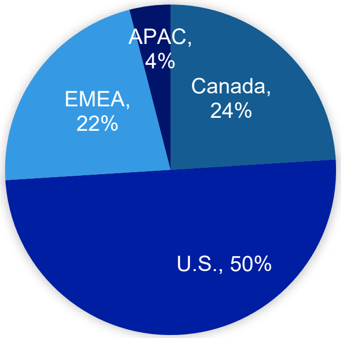
Forecasting future results or trends is inherently difficult for any business and actual results or trends may vary significantly. The discussion of our expectations relating to the business outlook in this section is forward-looking information that is based upon the assumptions and subject to the material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

* Non-GAAP and other financial measure

Resilient business model provides stability

Diversified revenue base





Trusted by the largest CRE leaders

Equity Investors | Debt Investors | Valuers & Appraisers | Banks

Developers | Corporates | Brokers

Proven stability across various economic cycles

ANALYTICS

- ~90% of YTD revenues are recurring, supported by a sticky customer base & low churn
- Mission critical solutions for performance and risk transparency (ARGUS as the "currency" of CRE valuations as properties change hands)
- Limited SMB exposure (large, global firms account for majority of revenues) & model not based on CRE transactional volumes

CRE CONSULTING

- Supported by highly-repeatable revenue streams and strong client loyalty
- Property Tax is countercyclical as tax liabilities remain; tax savings provide upside in a contingency model & market dislocations enhance tax appeal opportunities in future reassessments
- Appraisal requirements unaffected by market conditions, and development advisory services are diversified by client segments and supported by multi-year contracts

- Market volatility as potential catalyst for tech adoption and outsourced expertise (aligned with Altus' alpha-beta value proposition)

Expense levers

- 2022 restructuring program & business transformation initiatives provide sustainable improvements & expense levers to navigate in a dynamic global business environment

Selected financial information

Selected Financial Information	Three months ended June 30,		Six months ended June 30,	
In thousands of dollars, except for per share amounts	**2023**	2022	**2023**	2022
Revenues	$ 205,213	$ 206,414	$ 396,037	$ 373,998
Canada	24%	24%	28%	27%
U.S.	50%	39%	47%	41%
EMEA	22%	33%	21%	28%
Asia Pacific	4%	4%	4%	4%
Adjusted EBITDA*	$ 44,695	$ 49,743	$ 71,223	$ 67,484
Adjusted EBITDA margin*	21.8%	24.1%	18.0%	18.0%
Profit (loss)	$ 11,856	$ 12,499	$ 9,443	$ 1,043
Earnings (loss) per share:				
Basic	$0.26	$0.28	$0.21	$0.02
Diluted	$0.26	$0.28	$0.21	$0.02
Adjusted*	$0.53	$0.77	$0.86	$1.04
Dividends declared per share	$0.15	$0.15	$0.30	$0.30
Free Cash Flow*	$ 19,110	$ 25,777	$ (15,304)	$ 16,072

** Non-GAAP and other financial measure*

Reportable segment performance

Revenues	Three months ended June 30,				Six months ended June 30,			
In thousands of dollars	**2023**	2022	% Change	Constant Currency % Change	**2023**	2022	% Change	Constant Currency % Change
Analytics	$ 99,740	$ 82,133	21.4%	15.5%	$ 194,385	$ 162,443	19.7%	13.9%
Property Tax	75,121	93,543	(19.7%)	(22.4%)	141,805	152,011	(6.7%)	(8.7%)
Appraisals and Development Advisory	30,532	30,913	(1.2%)	(1.0%)	60,244	59,894	0.6%	0.6%
Intercompany eliminations	(180)	(175)	(2.9%)	(7.5%)	(397)	(350)	(13.4%)	(15.2%)
Total	$ 205,213	$ 206,414	(0.6%)	(4.1%)	$ 396,037	$ 373,998	5.9%	2.6%

Adjusted EBITDA	Three months ended June 30,				Six months ended June 30,			
In thousands of dollars	**2023**	2022	% Change	Constant Currency % Change	**2023**	2022	% Change	Constant Currency % Change
Analytics	$ 23,772	$ 13,758	72.8%	59.0%	$ 43,985	$ 24,989	76.0%	62.1%
Property Tax	28,227	42,051	(32.9%)	(35.3%)	43,298	55,358	(21.8%)	(23.5%)
Appraisals and Development Advisory	3,339	4,508	(25.9%)	(25.3%)	6,317	7,422	(14.9%)	(14.4%)
Corporate	(10,643)	(10,574)	(0.7%)	2.5%	(22,377)	(20,285)	(10.3%)	(7.1%)
Total	$ 44,695	$ 49,743	(10.1%)	(15.3%)	$ 71,223	$ 67,484	5.5%	0.0%

** Non-GAAP and other financial measure*

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

	Three months ended June 30,		Six months ended June 30,	
In thousands of dollars, except for per share amounts	**2023**	2022	**2023**	2022
Profit (loss) for the period	$ 11,856	$ 12,499	$ 9,443	$ 1,043
Occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 (1)	(2,979)	(3,037)	(5,981)	(6,220)
Depreciation of right-of-use assets	2,871	3,060	5,782	6,264
Depreciation of property, plant and equipment and amortization of intangibles (7)	11,885	11,978	24,346	24,257
Acquisition and related transition costs (income)	(153)	2,421	24	4,282
Unrealized foreign exchange (gain) loss (2)	391	(903)	826	(293)
Gain (loss) on disposal of right-of-use assets, property, plant and equipment and intangibles (2)	14	-	12	(13)
Share of (profit) loss of joint venture	(634)	(539)	(1,140)	(1,145)
Non-cash share-based compensation costs (3)	4,904	5,584	10,737	10,204
(Gain) loss on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs (3)	4,243	1,780	3,671	4,221
Restructuring costs (recovery)	(757)	5,494	56	13,850
(Gain) loss on investments (4)	87	24	(326)	(142)
Other non-operating and/or non-recurring (income) costs (5)	2,638	5,195	7,163	5,699
Finance costs (income), net - leases	307	463	678	960
Finance costs (income), net - other (8)	1,130	995	7,504	2,474
Income tax expense (recovery) (9)	8,892	4,729	8,428	2,043
Adjusted EBITDA	$ 44,695	$ 49,743	$ 71,223	$ 67,484
Depreciation of property, plant and equipment and amortization of intangibles of non-acquired businesses (7)	(3,799)	(2,404)	(6,789)	(4,251)
Finance (costs) income, net - other (8)	(1,130)	(995)	(7,504)	(2,474)
(Gain) loss on hedging transactions, including currency forward contracts and interest expense (income) on swaps	(4,172)	(1,504)	(2,964)	(1,504)
Interest accretion on contingent consideration payables	-	-	-	6
Tax effect of adjusted earnings (loss) adjustments (9)	(11,397)	(10,199)	(14,611)	(12,664)
Adjusted earnings (loss)*	$ 24,197	$ 34,641	$ 39,355	$ 46,597
Weighted average number of shares - basic	45,361,155	44,507,718	45,187,697	44,339,681
Weighted average number of restricted shares	486,009	626,009	524,125	653,752
Weighted average number of shares - adjusted	45,847,164	45,133,727	45,711,822	44,993,433
Adjusted earnings (loss) per share (6)	$0.53	$0.77	$0.86	$1.04

(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 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, 2023 relate to legal, advisory, and other consulting costs related to organizational and strategic initiatives. These are included in other operating expenses in the interim condensed 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).

* Non-GAAP and other financial measure

Debt, leverage & liquidity

Quarter end	Cash position	Total bank debt	Funded debt to Adjusted EBITDA ratio	Net debt to Adjusted EBITDA ratio*
Q2 2023	$43.1 M	$335.8 M	2.19x	2.10x
Q1 2023	$42.9 M	$350.1 M	2.21x	2.13x
Q4 2022	$55.3 M	$319.6 M	2.13x	1.96x
Q3 2022	$46.6 M	$324.0 M	2.29x	2.20x
Q2 2022	$67.1 M	$345.0 M	2.63x	2.37x
Q1 2022	$46.8 M	$306.7 M	2.60x	2.37x
Q4 2021	$51.3 M	$287.6 M	2.47x	2.17x
Q3 2021	$66.4 M	$246.9 M	2.05x	1.63x
Q2 2021	$74.1 M	$246.8 M	2.03x	1.58x
Q1 2021	$69.1 M	$128.0 M	1.11x	0.57x
Q4 2020	$69.6 M	$123.0 M	1.09x	0.54x
Q3 2020	$91.1 M	$153.5 M	1.49x	0.66x
Q2 2020	$74.1 M	$160.0 M	1.65x	0.96x
Q1 2020	$71.2 M	$176.1 M	1.85x	1.24x
Q4 2019	$60.3 M	$138.0 M	1.49x	0.92x
Q3 2019	$56.0 M	$146.0 M	1.72x	1.16x
Q2 2019	$51.6 M	$150.0 M	1.90x	1.31x

Liquidity as at June 30, 2023:

Cash	$43.1 M
Bank Credit Facilities Available	$214.2 M
Total Liquidity	$257.3 M

Cash Flow	Three months ended June 30,	
In thousands of dollars	**2023**	2022
Net cash related to operating activities	$ 21,699	$ 32,653
Net cash related to financing activities	(21,434)	26,176
Net cash related to investing activities	758	(37,103)
Effect of foreign currency translation	(809)	(1,446)
Change in cash position during the period	$ 214	$ 20,280
Free Cash Flow	$ 19,110	$ 25,777
Dividends paid	$ (6,591)	$ 5,847

* Non-GAAP and other financial measure

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Summary of consolidated quarterly results

	2023		2022					2021		
In thousands of dollars, except for per share amounts	**Jun 30**	Mar 31	Fiscal 2022	Dec 31	Sep 30	Jun 30	Mar 31	Fiscal 2021	Dec 31	Sep 30
Results of Operations										
Revenues	$ 205,213	$ 190,824	$ 735,451	$ 183,762	$ 177,691	$ 206,414	$ 167,584	$ 625,387	$ 162,909	$ 151,797
Adjusted EBITDA	$ 44,695	$ 26,528	$ 135,322	$ 34,928	$ 32,910	$ 49,743	$ 17,741	$ 109,755	$ 25,861	$ 24,415
Adjusted EBITDA margin	21.8%	13.9%	18.4%	19.0%	18.5%	24.1%	10.6%	17.5%	15.9%	16.1%
Profit (loss) for the period	$ 11,856	$ (2,413)	$ (889)	$ (8,759)	$ 6,827	$ 12,499	$ (11,456)	$ 25,573	$ 6,890	$ (295)
Basic earnings (loss) per share:	$0.26	$(0.05)	$(0.02)	$(0.20)	$0.15	$0.28	$(0.26)	$0.62	$0.16	$(0.01)
Diluted earnings (loss) per share:	$0.26	$(0.05)	$(0.02)	$(0.20)	$0.15	$0.28	$(0.26)	$0.60	$0.15	$(0.01)
Adjusted earnings (loss) per share	$0.53	$0.33	$1.89	$0.44	$0.42	$0.77	$0.27	$1.90	$0.42	$0.39
Weighted average number shares ('000s):										
Basic	45,361	45,012	44,635	44,715	44,609	44,508	44,171	41,684	43,945	41,159
Diluted	45,816	45,012	44,635	44,715	45,382	45,179	44,171	42,899	45,269	41,159

** Non-GAAP and other financial measure*

Non-GAAP and other measures definitions

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.

Non-GAAP and other measures definitions

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, Non-Recurring Revenue, Organic Recurring Revenue: For its Analytics reportable segment, Altus Group uses Recurring Revenue, Non-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. *Non-Recurring Revenue:* Revenue deducted by Recurring Revenue. *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).

ARGUS Enterprise ("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 total AE user base contracted on the ARGUS Cloud platform.

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.