Altus Group

Management's Discussion and Analysis

Q2 2024

For the six months ended June 30, 2024

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The following Management's Discussion and Analysis (the "MD&A") is intended to assist readers in understanding Altus Group Limited's consolidated business, its business environment, strategies, performance, outlook and applicable risks. References to the "Company" or "Altus Group" are to the consolidated group of entities, and this MD&A should be read in conjunction with our unaudited interim condensed consolidated financial statements and accompanying notes (the "interim financial statements") as at and for the three and six months ended June 30, 2024, which have been prepared on the basis of International Financial Reporting Standards ("IFRS") and reported in Canadian dollars. Unless otherwise indicated herein, references to "$" are to Canadian dollars and percentages are in comparison to the same period in 2023.

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

This document also includes certain non-GAAP and other measures as denoted by a "*". This includes 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, Non-Recurring Revenue, Organic Recurring Revenue, DSO, and Cloud Adoption Rate. Since the measures, used herein, are not standard measures under IFRS, they may not be comparable to similar measures reported by other entities. Refer to the "Non-GAAP and Other Measures" section for definitions of, and more information on, each measure. For non-GAAP financial measures and total of segments measures, refer to the "Reconciliation of Non-GAAP Measures" section for reconciliations to the most directly comparable IFRS measure. For capital management measures, refer to the "Free Cash Flow" section for a reconciliation to the most directly comparable IFRS measure.

This MD&A is dated as of August 8, 2024.

1. Forward-looking Information

Certain information in this MD&A may constitute "forward-looking information" within the meaning of applicable securities legislation. All information contained in this MD&A, other than statements of current and historical fact, is forward-looking information. Forward-looking information includes, but is not limited to, statements relating to expected financial and other benefits of acquisitions and the closing of acquisitions (including the expected timing of closing), as well as the discussion of our business, strategies and leverage (including the commitment to increase borrowing capacity), 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", "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 we identified and applied in drawing conclusions or making forecasts or projections set out in the forward-looking information (including sections entitled "Business Outlook") 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 including stable interest rates and credit availability for CRE; 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 commercial real estate market; the general state of the economy; our financial performance; our financial targets; our international operations; acquisitions; business interruption events; third party information and data; cybersecurity; industry competition; professional talent; our subscription renewals; our sales pipeline; client concentration and loss of material clients; our 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; our use of technology; our leverage and financial covenants; interest rates; inflation; our brand and reputation; fixed price and contingency engagements; currency fluctuations; credit; 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 share price; our capital investments; the issuance of additional common shares and debt; our internal and disclosure controls; environmental, social and governance (“ESG”) matters; climate risk; and geopolitical risks, as well as those described in our 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 we have attempted to identify important factors that could cause actual results to differ materially from the forward-looking information contained herein, there are other factors that could cause results not to be as anticipated, estimated or intended. The forward-looking information contained herein is current as of the date of this MD&A and, except as required under applicable law, we do not undertake to update or revise it to reflect new events or circumstances. Additionally, we undertake no obligation to comment on analyses, expectations or statements made by third parties in respect of Altus Group, our financial or operating results, or our securities.

Certain information in this MD&A, including sections entitled “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.

2. 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 the measures 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.

2.1. Non-GAAP Financial Measures

Adjusted Earnings (Loss)	
How is it useful:	We use Adjusted Earnings (Loss) to facilitate the calculation of Adjusted Earnings (Loss) per Share ("Adjusted EPS").
How we calculate it:	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. Refer to page 31 for a reconciliation of Adjusted Earnings (Loss) to our interim financial statements.
Most directly comparable IFRS financial measure:	Profit (loss)

Constant Currency	
How is it useful:	We use 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 we calculate it:	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. Refer to page 32 for a reconciliation of Constant Currency between foreign exchange rates used.
Most directly comparable IFRS financial measure:	Corresponding IFRS amount, as presented

2.2. Non-GAAP Ratios

Adjusted EPS	
How is it useful:	We use Adjusted EPS to assess the performance of our business, on a per share basis, before the effects of the noted items because they affect the comparability of our financial results and could potentially distort the analysis of trends in business performance.
How we calculate it:	Adjusted Earnings (Loss) divided by basic weighted average number of shares, adjusted for the effects of the weighted average number of restricted shares.

2.3. Total of Segments Measures

Adjusted Earnings before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA")	
How is it useful:	We use Adjusted EBITDA to evaluate the performance of our business, as well as when making decisions about the ongoing operations of the business and our ability to generate cash flows.
How we calculate it:	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). Refer to page 31 for a reconciliation of Adjusted EBITDA to our interim financial statements. This measure represents Adjusted EBITDA determined on a consolidated basis as a total of our reportable segments. All other Adjusted EBITDA references are disclosed in our interim financial statements and are not considered to be non-GAAP financial measures pursuant to NI 52-112.
Most directly comparable IFRS financial measure:	Profit (loss)

2.4. Capital Management Measures

Free Cash Flow	
How is it useful:	We use 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 we calculate it:	Net cash provided by (used in) operating activities deducted by capital expenditures. Refer to page 30 for a reconciliation of Free Cash Flow to our interim financial statements.
Most directly comparable IFRS financial measure:	Net cash provided by (used in) operating activities

2.5. Supplementary Financial and Other Measures

Adjusted EBITDA Margin	
How is it useful:	We use Adjusted EBITDA margin to evaluate the performance of our business, as well as when making decisions about the ongoing operations of the business and our ability to generate cash flows.
How we calculate it:	Adjusted EBITDA divided by revenue

Net debt to Adjusted EBITDA leverage ratio	
How is it useful:	We use Net debt to Adjusted EBITDA leverage ratio as a measure of our ability to service our debt and other long-term obligations.
How we calculate it:	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	
How is it useful:	For our Analytics reportable segment, we use New Bookings, Organic New Bookings, Recurring New Bookings and Non-Recurring New Bookings as measures to track the performance and success of our 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 our 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 we calculate it:	New Bookings: The total of annual contract values for new sales of our recurring solutions and services (software subscriptions, Valuation Management Solutions ("VMS"), and data subscriptions) plus the total of contract values for one-time engagements (consulting, training, and due diligence). The value of contract renewals is excluded from this metric with the exception of additional capacity or products purchased at the time of renewal. 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 our recurring solutions and services. Non-Recurring New Bookings: The total of contract values for one-time engagements.

Organic Revenue	
How is it useful:	We use Organic Revenue to evaluate and assess revenue trends in our business on a comparable basis versus the prior year, and as an indicator of future revenue growth.
How we calculate it:	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	
How is it useful:	For our Analytics reportable segment, we use Recurring Revenue, Non-Recurring Revenue, and Organic Recurring Revenue as measures to assess revenue trends in our business, and as an indicator of future revenue growth.
How we calculate it:	Recurring Revenue: Revenue from software subscriptions recognized on an over time basis in accordance with IFRS 15, software maintenance revenue associated with our legacy licenses sold on perpetual terms, VMS, and data subscriptions. Non-Recurring Revenue: Total 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).

Days Sales Outstanding (“DSO”)	
How is it useful:	We use DSO as a measure of our ability to convert our revenue into cash.
How we calculate it:	Five-quarter average balance of net trade receivables and unbilled revenue on customer contracts net of deferred revenue, divided by the trailing 12-month revenues plus any pre acquisition revenues (as applicable), and multiplied by 365 days.

Cloud Adoption Rate	
How is it useful:	For our Analytics reportable segment, we use Cloud Adoption Rate as a measure of our progress in transitioning the ARGUS Enterprise (“AE”) user base to our cloud-based platform, a key component of our overall product strategy.
How we calculate it:	Percentage of the total AE user base contracted on the ARGUS Cloud platform.

3. Business Overview

3.1. About Altus Group

Altus Group is a leading provider of asset and fund intelligence for commercial real estate (“CRE”). 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 risk and improve performance throughout the asset and fund lifecycle.

Altus Group is a global company headquartered in Toronto with approximately 2,900 employees across North America, EMEA and Asia Pacific.

3.2. Understanding our Business

Valuations are at the core of everything we do

The value of a commercial property is one of the most important factors for CRE investment, ownership and development. It drives decision making across the CRE value chain – from discovery to acquisition/disposition, development, leasing and planning, property tax and debt management, and portfolio strategy. Our business reaches across the entire value chain through our three business segments: Analytics, Property Tax and Appraisals and Development Advisory.

We apply our expertise in valuations toward various use cases across our business units. The primary use cases include: tax appeals, fund mark-to-market reporting, equity and debt portfolio appraisals, software and data, transactions and development investments. Our businesses generate highly differentiated, high-quality data. As we connect this data, we are building out new advanced analytics capabilities that also expand our use cases to performance management. By leveraging our asset and fund intelligence at scale, we can correlate valuations with asset performance attributes to help our clients maximize performance and better manage risk.

CRE professionals rely on Altus Group's valuation capabilities, data and expertise, to maximize returns and manage risks. Widely recognized in certain countries as the benchmark for property cash flow and valuation modelling, our flagship software, AE, is a comprehensive CRE portfolio management platform that helps our clients streamline and optimize various aspects of investment analysis, valuation and management. The AE valuation model is based on a discounted cash flow (“DCF”) methodology and includes factual and assumptive inputs. Its capabilities range from property and portfolio valuation analysis to financial modelling, scenario analysis, and reporting. With over 30 years of industry presence, AE’s valuation methodology is deeply integrated in the industry and is taught in over 200 academic institutions worldwide. AE is at the core of our emerging advanced analytics capabilities. Additionally, our active engagement as thought leaders in CRE valuations is exemplified through our long-standing relationship with the National Council of Real Estate Investment Fiduciaries (“NCREIF”) and other industry associations where our expertise on valuation is relied on by the industry.

Serving a global and diverse client base

Our customers include many market participants across the CRE industry. Key customer segments include CRE investors, developers, proprietors, lenders, service providers and their advisors. We have the privilege of having long-standing relationships with many of the world's largest CRE leaders, with our AE software being widely adopted in the CRE industry.

Our customers vary in size, focus and complexity. Our go-to-market plans segment customers under two categories to optimize how we serve them: high touch (large, strategic customers who require more hands-on support); and scale (customers who are more self-reliant). Our approach also segments customers by geography, by offers that can best solve their unique challenges, and by specific client personas. The majority of our revenues come from medium-to-large firms.

Enhancing client value through our Intelligence as a Service offer portfolio

With the mounting challenges of increased competition, globalization, regulatory pressures and ever-changing market dynamics and macroeconomic factors, CRE professionals are looking for objective expert advice and actionable insights to make faster and data-informed decisions. Our end-to-end technology, analytics and advisory services help our clients manage and react to key asset, fund and market events, helping them to improve performance and manage risk.

One of our key competitive differentiators is our unique combination of deep CRE industry expertise and proprietary technology tailored for the CRE industry. Altus Group professionals are not only experts in their practice areas but also in the CRE industry, earning us the reputation as trusted advisors to many of our clients. Our technology and data analytics solutions are trusted by the industry and embedded in key client workflows, with our AE software regarded as a vital application for the valuation of commercial assets. This combination of industry and technology expertise enables us to help our clients navigate complex business challenges and gives us a significant advantage compared to single-focus traditional consulting or technology firms.

Our offer portfolio includes both point and integrated solutions that support different asset and fund-level challenges. We deliver Intelligence as a Service through our offers comprising of our technology, analytics and/or advisory capabilities that broaden our engagement with our clients. Recognizing that customer requirements differ by client type, we sell our offers under three editions: essentials, advanced and premium:

Essentials "Do it myself"	• Provides clients with base editions that are self-service and technology led.
Advanced "Show me"	• Combines the essentials edition with added capabilities. • Includes technology with added data, analytics or services.
Premium "Do it for me"	• Combines the advanced edition with added capabilities. • Includes technology-enabled, expert-led, outcome-based delivery services.

Note: All products and services can still be purchased on a stand-alone basis.

Our four offer categories are:

Offer category	Offer description
Altus Valuation	An offer for cash flow modelling, valuations and reporting. We help clients produce reliable valuations of assets, investments and loans that are trusted by partners, investors and regulators.
Altus Portfolio Performance	An offer to connect asset data, modelling and analytics to optimize asset and portfolio management. We help clients maximize financial performance across real estate investments by identifying risks, understanding portfolio impacts and finding opportunities to add value throughout their lifecycle.
Altus Market Insights	An offer to provide instant access to asset, market and fund-level intelligence. We help clients make faster, informed decisions in key CRE workflows and activities by leveraging market data and predictive analytics.
Altus Property Tax	An offer to minimize property tax liability. We help clients optimize and effectively manage a CRE portfolio's largest operating expense, property taxes.

Note: The capabilities we provide through our offers may include one or more of our existing solutions, with some of these solutions spanning multiple offers. For example, our flagship AE product forms part of the Altus Valuation and Altus Portfolio Performance offers.

Our Intelligence as a Service offer portfolio is increasingly being powered by our internal Altus Performance Platform ("APP"). The APP delivers a scalable, diverse, and extensible data model designed to support advanced analytics applications. The APP is where we house the most relevant industry asset data, apply that data for performance and risk management use cases, and derive insight and intelligence through advanced analytics. We are transitioning our entire technology stack onto this platform.

Our reportable segments

We report the results of our operations through the following reportable segments: (1) Analytics, (2) Property Tax and (3) Appraisals and Development Advisory. Our reportable segments are also supported by a corporate centre that primarily includes our finance, information technology, human resources, marketing, legal, corporate development and communications functions.

Analytics	
Principal activities	• Our Analytics portfolio includes software, data analytics, market data, Valuation Management Solutions and technology consulting services. We help clients gain data-based transparency and digitize their CRE asset and fund management valuation processes to empower better decision-making to maximize valuations, reduce risk and enhance the value of their CRE investments.
Key revenue streams	• Our key revenue streams comprise the following solutions: ○ Our software suite includes ARGUS-branded solutions (including the flagship AE product) and Finance Active-branded debt management solutions. Our software solutions are deployed globally and primarily used to value, manage and increase the transparency of CRE equity and debt portfolios. ○ Our market data and related data analytics capabilities cover key North American markets and are used to support acquisition, investment and development decisions. ○ Our Valuation Management Solutions, primarily offered in the U.S., include valuation management and advisory services for CRE portfolios and funds with workflow and

Analytics	
	analytics tools for managing the valuation process and performing portfolio attribution analysis and benchmarking. ○ Our technology consulting services include strategic advisory for front-to-back-office strategies, processes and technology. It also captures traditional software services related to education, training and implementation. • Approximately 93% of Analytics revenues was Recurring Revenue for the quarter ended June 30, 2024. Our Recurring Revenue includes software subscription revenues recognized on an over time basis, market data and data analytics subscription offerings, fees from our Valuation Management Solutions that are supported by multi-year contracts, as well as legacy software maintenance fees (which we continue to upgrade to cloud subscriptions). • Our Non-Recurring Revenue includes services related to technology consulting as well as software education, training and implementation. Although diminishing in size, for customers who have on-premise software and wish to add more on-premise seats, the software license component of the subscription contract is captured as point-in-time revenue when delivered as required by IFRS, and captured in this revenue.
Revenue model	• Our Recurring Revenue streams are sold primarily on subscription contracts supported by cloud-based solutions. Recurring Revenue provides us with a stable and predictable revenue base that we expect the high majority to repeat every year. Our Analytics subscription agreements vary in length between one to five years with the fee primarily dependent on the number of users and applications deployed. Many of our "high touch" client contracts, particularly for our Valuation Management Solutions, are priced based on the number of real estate assets on our platform and subject to adjustments based on complexity of asset type and frequency of valuations. An asset-based pricing model allows us to grow with our customers, while also enhancing our opportunity to expand the users on our platform and broaden our reach across workflows. • Our Non-Recurring Revenue service engagements are charged primarily on a time and materials basis, billed and recognized as delivered.
Key geographies and foreign operations	• Our Analytics solutions are sold globally, primarily targeting our Tier 1 geographies including the U.S., Canada, the U.K., France, Germany and Australia. We operate in 16 countries across North America, EMEA and Asia Pacific, with growing dependency on our service centres in India and Morocco. *(a geographic revenue split is provided in section 6.2. Operations by Reportable Segment).*
Key customer segments	• Our key client segments include high touch and scale clients. The high touch clients include large, global and strategic firms that account for the majority of our revenues. The scale segment clients predominately include small-to-medium sized businesses. • Our customer base is globally dispersed and diversified by type. Key customers include equity and debt investors, service providers, owner operators and developers.
Primary revenue growth drivers	• Our existing customer base continues to represent an attractive opportunity to deepen our engagement with them and cross-sell new capabilities. As we continue to make deeper inroads across our clients' organizations and become more embedded in their workflows, our "land-and-expand" approach allows us to efficiently increase revenue from our existing customer base. Growth within our existing customer base also captures higher-value contracts from multi-solution sales facilitated through offer selling and migration of customers to our cloud-based subscription pricing. Albeit additive, price increases are not a material driver of growth at this stage. • New customers also represent an attractive opportunity, particularly outside of North America where our market penetration is still modest relative to the opportunity. As we expand our capabilities, we have increased opportunities to capture new customer segments and user types/personas in the industry that we have not historically served.

Property Tax	
Principal activities	• Property tax is influenced by government-assessed asset valuations and often represents the largest operating expense in CRE property ownership after debt service. Additionally, property tax obligations and processes vary significantly between jurisdictions, requiring regional and asset specific expertise. We help clients proactively manage this expense and their complex appeal processes through our technology-enabled expert services and software to help them minimize the tax burden.
Key revenue streams	• Our core services include conducting property tax assessment reviews for our clients' commercial properties, based on which we selectively pursue appeals with government agencies to minimize our clients' tax liability. • Our key technology solution is itamlink, a property tax management tool that provides clients with a comprehensive overview of their portfolio's tax liabilities, including assessments, appeal status and other taxation information.
Revenue model	• Typically between 70% to 80% of our revenues are derived on a contingency basis, where we receive a percentage of the savings we achieve for our clients. As such, we recognize contingency revenues only when settlements are made, which in some cases could span multiple years. The remaining Property Tax revenues are based on fees charged on a time and materials basis and itamlink software which is sold on recurring subscription contracts. • Of note, this business has an element of cyclicality in the U.K., its biggest geographic market. Unlike the North American practice where we bill a client once for the savings we achieve for them for an entire tax assessment period, in the U.K., we bill our clients annually based on savings per year. This annuity billing occurs every second quarter except for the first year of a new cycle (as the first year is not considered an annuity bill). Revenues from the annuity billings generally grow over the cycle as we add more clients and as more cases are settled with the volume of billable clients increasing concurrently with case settlements.
Key geographies and foreign operations	• Our Property Tax services are offered in Canada, the U.S. and the U.K. We also have operations in India where our employees provide data intake and other supporting roles for our Property Tax services.
Key customer segments	• Our key client segments include proprietors in the high-touch segments in North America (where the property tax obligations are with landlords and owners) and largely property tenants under the scale segment in the U.K. (where the property tax obligation rests predominantly with tenants).
Primary revenue growth drivers	• Revenue growth is primarily driven by increasing both the volume and value of our appeal settlement pipeline and our ability to leverage data and automation to scale successful client outcomes. Market share gains drive volume, and value is driven by our expertise and data which allows us to selectively pursue appeals that have a high probability of successful client outcomes. Our ongoing digitization efforts support revenue growth by helping us scale, better identify high-margin opportunities and increase our sales productivity.

Appraisals and Development Advisory	
Principal activities	• Our Appraisals and Development Advisory portfolio includes expert services in the areas of commercial property valuation appraisals and commercial development advisory.
Key revenue streams	• The Appraisals practice core services include valuation appraisals of real estate portfolios. Additional related services include valuation appraisals of properties for transactional purposes, due diligence, litigation support and economic consulting. The Development Advisory practice provides services in the areas of construction feasibility studies, budgeting, cost and loan monitoring and construction project management.
Revenue model	• Pricing is primarily based on a fixed fee or time and materials basis. Many of our contracts are multi-year.
Key geographies and foreign operations	• Our Appraisals services are primarily offered in Canada and our Development Advisory services are primarily offered in Canada and Australia.
Key customer segments	• Our key client segments primarily include high-touch clients. Our Appraisals customers include institutional CRE clients, whereas our Development Advisory clients include CRE developers, lenders and government agencies for infrastructure related projects.
Primary revenue growth drivers	• Growth is primarily driven by an expansion of market size and by market share gains.

4. Business Strategy

Market opportunity

Commercial real estate is one of the largest asset classes in the world, yet despite its scale and influence, the CRE industry has historically been slow to digitize. The industry has traditionally been served by single-specialty services and technology, leading to disconnected enterprise data sets and workflows. Consequently, CRE asset and fund level intelligence remains largely fragmented and behind in comparison to other established industries such as financial services.

This is rapidly changing, as the influx of institutional ownership, together with globalization and demographic shifts, demands more sophisticated processes and data-driven transparency. Moreover, the industry is catching up on technological advancements with customers increasingly looking for integration across their platforms and data collaboration across workflows. Jobs, functions and workflows are changing and challenging the status quo of how this industry has historically operated. With the mounting challenges of increased competition, intensifying reporting requirements, and ever-changing market dynamics, the industry is looking for partners to help it innovate, unlock insights, discover new opportunities and better manage risks and costs.

Value creation strategy

We’re on a mission to provide our clients with Intelligence as a Service to enhance their asset performance and risk management capabilities. This mission is the cornerstone of our long-term value creation strategy.

With property valuations at the core of our operations, we have a unique vantage point on CRE asset and fund intelligence. To meet the evolving needs of our clients and strategically position the business for its next phase of our growth, we are on a journey to tap into this intelligence with advanced analytics to bring new, actionable insights to our clients. The unique combination of our high-quality data, innovative technology and deep industry expertise defines our distinct Intelligence as a Service delivery model.

New advanced analytics represent a significant market opportunity for us, expanding our market reach in performance management. Historically, we have been regarded as our clients' trusted partners for specific purposes, notably in providing valuation insights and assisting them with property tax appeals and their technology requirements. Looking ahead, through the execution of this strategy we expect that our clients will increasingly rely on us to help them address their critical asset and fund challenges to drive performance.

Continued enhancement of our advanced analytics capabilities will pave the way for predictive and prescriptive foresight. This foresight will empower our clients to gain a deeper understanding of the factors influencing asset performance, anticipate opportunities, and proactively adapt their strategies to optimize the performance of their assets and funds.

Over the past couple of years, we have undergone significant business transformation. Through organic investments and strategic acquisitions, we have revamped our operational, technical and platform foundations to scale advanced analytics and optimize our operational efficiency. As a result, we believe we are strongly positioned to deliver on our mission. Profitable growth serves as a fundamental gauge of our success, as measured by the expansion of our Adjusted EBITDA margin, growth in Adjusted EPS, and the maximization of Free Cash Flow.

Strategic Priorities

We are steadfast in our pursuit of becoming the leading Intelligence as a Service provider to the CRE industry. Guided by this vision, we are focused on the following key priorities to drive the growth and long-term success of Altus Group:

1. Deliver Innovative and Differentiated Customer Value	Deliver and leverage advanced analytics across our business to help our clients improve performance and manage risk.
2. Grow Profitably	Maximize operating leverage through efficient processes and investments to drive market growth.
3. Empower Talent	Place the best people in the right roles and enable colleagues for greater performance in an inclusive environment.

5. Financial and Operating Highlights

5.1. Financial Highlights

Selected Financial Information	Three months ended June 30,		Six months ended June 30,	
In thousands of dollars, except for per share amounts	**2024**	2023	**2024**	2023
Revenues	$ 206,705	$ 205,213	$ 406,248	$ 396,037
Canada	25%	24%	26%	28%
U.S.	50%	50%	50%	47%
EMEA	21%	22%	20%	21%
Asia Pacific	4%	4%	4%	4%
Adjusted EBITDA*	$ 36,805	$ 44,695	$ 66,557	$ 71,223
Adjusted EBITDA margin*	17.8%	21.8%	16.4%	18.0%
Profit (loss)	$ 2,284	$ 11,856	$ 2,131	$ 9,443
Earnings (loss) per share:				
Basic	$0.05	$0.26	$0.05	$0.21
Diluted	$0.05	$0.26	$0.05	$0.21
Adjusted*	$0.45	$0.53	$0.78	$0.86
Dividends declared per share	$0.15	$0.15	$0.30	$0.30
Free Cash Flow*	$ 37,537	$ 19,110	$ 31,853	$ (15,304)

	As at June 30,	
	2024	2023
Funded debt to EBITDA ratio	2.11:1	2.19:1
Net debt to Adjusted EBITDA leverage ratio*	1.97:1	2.10:1

5.2. Operating Highlights

Terminated Proposed Acquisition of REVS

On May 17, 2024, we delivered a termination notice with respect to the previously announced planned acquisition of Situs Group LLC's ("Situs") commercial real estate valuation and advisory services business ("REVS"). We believed that the transaction was unlikely to receive regulatory approval in a timely manner. In connection with the termination of this transaction, we paid a USD3.0 million termination fee to Situs Group, LLC.

Amended Bank Credit Facilities

On June 17, 2024, we further amended our bank credit facilities to, among other things, facilitate changes to the members of the syndicate of lenders providing our credit facilities, as well as adopt the Canadian Overnight Repo Rate Average ("CORRA") as the new base reference rate for Canadian dollar loans, given the discontinuation of the Canadian Dollar Offered Rate ("CDOR"). Our borrowing capacity remains at $550.0 million with certain provisions that allow us to further increase the limit to $650.0 million, and maintain the existing maximum Funded debt to EBITDA financial covenant ratio of 4.5 with provisions that allow for a short-term increase up to 5.0 following certain business acquisitions. The bank credit facilities mature on March 24, 2027, with an additional two-year extension available at our option.

5.3. Operating Highlights – Events After the Reporting Period

Signed Definitive Agreement to Divest Property Tax Business

On July 8, 2024, we entered into a definitive agreement to sell our global Property Tax business to Ryan, LLC ("Ryan"), for a total cash consideration of $700.0 million. In addition to the definitive agreement, Ryan has also committed to enter a $15.0 million Altus Market Insights subscription agreement at closing, with an initial three-year term of $5.0 million per year. The transaction is expected to close in the first half of 2025, subject to customary closing conditions, including receipt of regulatory approvals. The transaction enables Altus Group to invest organically and via acquisitions in Analytics, return capital to shareholders, including through a significantly expanded share buyback program, and pay down debt to target levels.

6. Discussion of Operations

Three and Six Months Ended June 30, 2024

	Three months ended June 30,		Six months ended June 30,	
In thousands of dollars	**2024**	2023	**2024**	2023
Revenues	$ 206,705	$ 205,213	$ 406,248	$ 396,037
Expenses				
Employee compensation	125,504	121,878	252,445	245,432
Occupancy	2,058	1,970	4,023	4,008
Other operating	47,331	45,881	88,746	91,802
Depreciation of right-of-use assets	2,904	2,871	5,677	5,782
Depreciation and amortization	11,223	11,885	22,957	24,346
Acquisition and related transition costs (income)	5,340	(153)	8,898	24
Share of (profit) loss of joint venture	(664)	(634)	(506)	(1,140)
Restructuring costs (recovery)	2,618	(757)	8,005	56
(Gain) loss on investments	55	87	241	(326)
Finance costs (income), net – leases	299	307	578	678
Finance costs (income), net – other	4,542	1,130	8,674	7,504
Profit (loss) before income taxes	5,495	20,748	6,510	17,871
Income tax expense (recovery)	3,211	8,892	4,379	8,428
Profit (loss) for the period	$ 2,284	$ 11,856	$ 2,131	$ 9,443

Revenues

Revenues were $206.7 million for the three months ended June 30, 2024, up 0.7% (down 0.6% on a Constant Currency* basis) or $1.5 million (down $1.3 million on a Constant Currency basis) from $205.2 million in the same period in 2023. For the six months ended June 30, 2024, revenues were $406.2 million, up 2.6% (1.8% on a Constant Currency* basis) or $10.2 million ($6.9 million on a Constant Currency basis) from $396.0 million in the same period in 2023. For the three and six months ended June 30, 2024, the revenue growth was driven by the Analytics and Property Tax segments.

Employee Compensation

Employee compensation represents amounts pertaining to employee salaries, bonuses, benefits, share-based compensation, and gains or losses on equity derivatives related to our RSUs and DSUs. Employee compensation was $125.5 million for the three months ended June 30, 2024, up 3.0% or $3.6 million from $121.9 million in the same period in 2023. This increase was primarily due to our December 2023 acquisition of Forbury Property Valuation Solutions Limited ("Forbury") ($1.3 million), increased investment in the Global Service Center in India ($0.5 million), and annual merit and benefits cost increases ($5.4 million). These increases were offset by the investment of costs relating to the development of internally generated software to drive operating efficiency ($1.0 million) and savings from restructuring actions ($2.6 million). For the six months ended June 30, 2024, employee compensation was $252.4 million, up 2.9% or $7.0 million from $245.4 million in the same period in 2023, which was primarily driven by the same factors, namely, in the acquisition of Forbury ($2.5 million), the increased investment in the Global Service Center ($1.4 million) as well as our annual merit and benefit cost increases ($7.9

million), offset by the development of internally generated software ($2.0 million) and savings from restructuring ($2.6 million). For the three and six months ended June 30, 2024, employee compensation as a percentage of revenues was 60.7% and 62.1%, as compared to 59.4% and 62.0% in the corresponding periods in 2023, respectively.

Occupancy

Occupancy represents amounts pertaining to short-term leases, low-value assets, and variable lease payments including property taxes, utilities, and common area maintenance costs. Occupancy was $2.1 million for the three months ended June 30, 2024, up 4.5% or $0.1 million from $2.0 million in the same period in 2023. For the six months ended June 30, 2024, occupancy was $4.0 million, in line with the same period in 2023.

Occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 would have been $5.5 million and $10.5 million for the three and six months ended June 30, 2024, as compared to $4.9 million and $10.0 million in the corresponding periods in 2023, respectively. For the three and six months ended June 30, 2024, occupancy as a percentage of revenues was 1.0% and 1.0%, in line with the corresponding periods in 2023, respectively. Occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 as a percentage of revenues would have been 2.7% and 2.6% for the three and six months ended June 30, 2024, as compared to 2.4% and 2.5% in the corresponding periods in 2023, respectively.

Other Operating Costs

Other operating costs represent amounts related to hosting fees, software and data subscriptions, professional fees, travel and entertainment, insurance, office supplies, foreign exchange gains or losses, bad debt expenses, and other service costs. From time to time, it also includes income or costs not classified elsewhere in the statement of comprehensive income (loss). Other operating costs were $47.3 million for the three months ended June 30, 2024, up 3.2% or $1.4 million from $45.9 million in the same period in 2023, which was driven by increased third party spend in support of revenue ($1.6 million) and costs associated with the sale of our Property Tax business ($1.5 million). These increases were offset by lower costs relating to system integration ($1.5 million). For the six months ended June 30, 2024, other operating costs were $88.7 million, down 3.3% or $3.1 million from $91.8 million in the same period in 2023, which was primarily driven by lower costs relating to system integration ($4.1 million) and from reductions in our bad debt expenses from improvements in our collections ($1.4 million), offset by costs associated with the sale of our Property Tax business ($1.5 million) and incremental costs from the operations of Forbury, which was acquired in December 2023 ($0.5 million). For the three and six months ended June 30, 2024, other operating costs as a percentage of revenues were 22.9% and 21.8%, as compared to 22.4% and 23.2% in the corresponding periods in 2023, respectively.

Depreciation of Right-of-Use Assets

Depreciation of right-of-use assets represents the depreciation charge of our office and equipment leases that are capitalized as right-of-use assets and was $2.9 million and $5.7 million for the three and six months ended June 30, 2024, as compared to $2.9 million and $5.8 million in the corresponding periods in 2023, respectively. The decrease for the six months ended June 30, 2024 was primarily due to benefits being realized from our previous efforts to rationalize our leased office space.

Depreciation and Amortization

Depreciation and amortization represent the depreciation charge of our property, plant and equipment and amortization charge of our intangible assets, and were $11.2 million and $23.0 million for the three and six months ended June 30, 2024, as compared to $11.9 million and $24.3 million in the corresponding periods in 2023, respectively. Depreciation and amortization decreased mainly due to various acquired intangible assets from previous acquisitions becoming fully amortized in 2023, offset by the amortization of investments in our technology infrastructure systems.

Acquisition and Related Transition Costs (Income)

Acquisition and related transition costs (income) represent amounts related to professional fees for due diligence and facilitating the purchase and integration of our acquisitions, and the subsequent changes in the fair value of our acquisition-related contingent consideration payables. Acquisition and related transition costs (income) were $5.3 million and $8.9 million for the three and six months ended June 30, 2024, as compared to $(0.2) million and $nil in the corresponding periods in 2023, respectively. Acquisition and related transition costs (income) increased primarily due to activities undertaken in connection with the planned but terminated REVS acquisition.

Share of (Profit) Loss of Joint Venture

Share of (profit) loss of joint venture represents our share of the profits or losses in GeoVerra Inc. and was $(0.7) million and $(0.5) million for the three and six months ended June 30, 2024, as compared to $(0.6) million and $(1.1) million in the corresponding periods in 2023, respectively.

Restructuring Costs (Recovery)

Restructuring costs (recovery) represent amounts related to employee termination benefits, lease and other contract terminations, and professional fees to facilitate the reorganization of our functions and structure and the closure of offices. In early 2024, we initiated a global restructuring program to further optimize our operating model. Restructuring costs (recovery) were $2.6 million and $8.0 million for the three and six months ended June 30, 2024, as compared to $(0.8) million and $0.1 million in the corresponding periods in 2023, respectively. The costs incurred for the current periods were primarily related to employee severance impacting the Analytics and Appraisals and Development Advisory business segments, as well as corporate functions, whereas costs in 2023 related to adjustments to our 2022 restructuring program estimates for employee termination benefits and leased offices closures with sub-lease assumptions.

(Gain) Loss on Investments

(Gain) loss on investments represents the changes in the fair value of our investments in partnerships and was $0.1 million and $0.2 million for the three and six months ended June 30, 2024, as compared to $0.1 million and $(0.3) million in the corresponding periods in 2023, respectively.

Finance Costs (Income), Net

Finance costs (income), net represents amounts related to interest incurred on our credit facility borrowings, lease liabilities, or long-term payables. It also includes income received from short-term investments and deposits, and gains or losses from changes in fair value of interest rate swaps. Finance costs (income), net for the three months ended June 30, 2024 were $4.8 million, up 236.9% or $3.4 million from $1.4 million in the same period in 2023. Our finance costs for the three months ended June 30, 2024 increased primarily from a $4.1 million swing related to the change in the fair value of our interest rate swaps (resulting in a $0.1 million gain in the quarter versus $4.2 million gain in the same period in 2023) offset by lower interest on our bank credit facility ($0.4 million). For the six months ended June 30, 2024, finance costs (income), net were $9.3 million, up 13.1% or $1.1 million from $8.2 million in the same period in 2023. Our finance costs for the six months ended June 30, 2024 increased primarily from a $2.0 million swing related to the change in the fair value of our interest rate swaps (resulting in a $1.0 million gain in the six month period versus $3.0 million gain in the same period in 2023) offset by lower interest on our bank credit facility ($0.6 million).

Income Tax Expense (Recovery)

Income tax expense (recovery) for the three and six months ended June 30, 2024 was $3.2 million and $4.4 million, as compared to $8.9 million and $8.4 million in the corresponding periods in 2023, respectively. The decrease for the three and six months ended June 30, 2024 was primarily due to lower profit (loss) before income taxes. In addition, a significant amount of our earnings is derived outside of Canada and as a result a change in the mix of earnings and losses in countries with differing statutory tax rates has impacted our effective tax rates for the three and six months ended June 30, 2024.

Profit (loss)

Profit (loss) for the three months ended June 30, 2024 was $2.3 million and $0.05 per share, basic and diluted, as compared to $11.9 million and $0.26 per share, basic and diluted, in the same period in 2023. For the six months ended June 30, 2024, profit (loss) was $2.1 million and $0.05 per share, basic and diluted, as compared to $9.4 million and $0.21 per share, basic and diluted. Our profit (loss) for the three and six months ended June 30, 2024 benefitted from higher revenues but was offset by higher employee compensation costs, acquisition and related costs associated with the termination of the REVS acquisition, costs relating to the 2024 global restructuring program, and changes in fair value of our interest rate swaps.

6.1. Revenues and Adjusted EBITDA by Reportable Segment

Revenues	Three months ended June 30,				Six months ended June 30,			
In thousands of dollars	**2024**	2023	% Change	Constant Currency % Change	**2024**	2023	% Change	Constant Currency % Change
Analytics	$ 102,754	$ 99,740	3.0%	1.4%	$ 201,750	$ 194,385	3.8%	2.9%
Property Tax	76,316	75,121	1.6%	0.0%	150,441	141,805	6.1%	4.8%
Appraisals and Development Advisory	27,826	30,532	(8.9%)	(8.9%)	54,448	60,244	(9.6%)	(9.3%)
Intercompany eliminations	(191)	(180)	(6.1%)	(3.9%)	(391)	(397)	1.5%	2.5%
Total	$ 206,705	$ 205,213	0.7%	(0.6%)	$ 406,248	$ 396,037	2.6%	1.8%

Adjusted EBITDA	Three months ended June 30,				Six months ended June 30,			
In thousands of dollars	**2024**	2023	% Change	Constant Currency % Change	**2024**	2023	% Change	Constant Currency % Change
Analytics	$ 26,841	$ 23,772	12.9%	10.3%	$ 49,928	$ 43,985	13.5%	12.3%
Property Tax	18,820	28,227	(33.3%)	(34.4%)	37,650	43,298	(13.0%)	(13.8%)
Appraisals and Development Advisory	2,437	3,339	(27.0%)	(27.1%)	2,317	6,317	(63.3%)	(63.0%)
Corporate	(11,293)	(10,643)	(6.1%)	(3.7%)	(23,338)	(22,377)	(4.3%)	(2.7%)
Total	$ 36,805	$ 44,695	(17.6%)	(19.2%)	$ 66,557	$ 71,223	(6.6%)	(7.2%)

6.2. Operations by Reportable Segment

Analytics								
	Three months ended June 30,				Six months ended June 30,			
In thousands of dollars	**2024**	2023	% Change	Constant Currency % Change	**2024**	2023	% Change	Constant Currency % Change
Revenues	$ 102,754	$ 99,740	3.0%	1.4%	$ 201,750	$ 194,385	3.8%	2.9%
Adjusted EBITDA	$ 26,841	$ 23,772	12.9%	10.3%	$ 49,928	$ 43,985	13.5%	12.3%
Adjusted EBITDA margin	26.1%	23.8%	230 bps	210 bps	24.7%	22.6%	210 bps	210 bps
Other Measures								
Recurring Revenue*	$ 95,171	$ 88,785	7.2%	5.5%	$ 186,902	$ 174,109	7.3%	6.5%
New Bookings*	$ 19,551	$ 24,610	(20.6%)	(21.9%)	$ 39,208	$ 46,018	(14.8%)	(15.4%)
Recurring New Bookings*	$ 12,670	$ 18,356	(31.0%)	(32.2%)	$ 28,657	$ 32,420	(11.6%)	(12.1%)
Non-Recurring New Bookings*	$ 6,881	$ 6,254	10.0%	8.3%	$ 10,551	$ 13,598	(22.4%)	(23.2%)
Geographical revenue split								
North America	76%	76%			76%	77%		
International	24%	24%			24%	23%		
Cloud Adoption Rate* (as at end of period)	-	-			76%	70%		

Revenues

Revenues for the three months ended June 30, 2024 were $102.8 million, up 3.0% (1.4% on a Constant Currency basis) or $3.0 million ($1.4 million on a Constant Currency basis) from $99.7 million in the same period in 2023. Organic Revenue growth was 1.6% (0.0% on a Constant Currency basis) for the three months ended June 30, 2024.

For the six months ended June 30, 2024, revenues were $201.7 million, up 3.8% (2.9% on a Constant Currency basis) or $7.4 million ($5.7 million on a Constant Currency basis) from $194.4 million in the same period in 2023. Organic Revenue growth was 2.6% (1.8% on a Constant Currency basis) for the six months ended June 30, 2024.

Revenue growth was driven by resilient Recurring Revenue performance benefitting from new sales, a higher number of assets on our VMS platform, and contribution from Forbury (acquired in December 2023). Non-Recurring Revenue* was lower in the quarter compared to the prior year.

Recurring Revenue

Recurring Revenue for the three months ended June 30, 2024 was $95.2 million, up 7.2% (5.5% on a Constant Currency basis) or $6.4 million ($4.9 million on a Constant Currency basis) from $88.8 million in the same period in 2023. Organic Recurring Revenue* for the three months ended June 30, 2024 was $93.8 million, up 5.6% (4.0% on a Constant Currency basis) from $88.8 million in the same period in 2023. Sequentially, Recurring Revenue increased by 3.8% from $91.7 million in the first quarter of 2024, driven primarily by seasonality in the VMS business.

For the six months ended June 30, 2024, Recurring Revenue was $186.9 million, up 7.3% (6.5% on a Constant Currency basis) or $12.8 million ($11.3 million on a Constant Currency basis) from $174.1 million in the same period in 2023. Organic Recurring Revenue for the six months ended June 30, 2024 was $184.6 million, up 6.1% (5.2% on a Constant Currency basis) from $174.1 million in the same period in 2023.

New Bookings

New Bookings for the three months ended June 30, 2024 were $19.6 million, down 20.6% (21.9% on a Constant Currency basis) or $5.1 million ($5.4 million on a Constant Currency basis) from $24.6 million in the same period in 2023. Recurring New Bookings were down 31.0% (32.2% on a Constant Currency basis) year-over-year, and Non-Recurring New Bookings were up 10.0% (8.3% on a Constant Currency basis) year-over-year for the three months ended June 30, 2024.

For the six months ended June 30, 2024, New Bookings were $39.2 million, down 14.8% (15.4% on a Constant Currency basis) or $6.8 million ($7.1 million on a Constant Currency basis) from $46.0 million in the same period in 2023. Recurring New Bookings were down 11.6% (12.1% on a Constant Currency basis) year-over-year, and Non-Recurring New Bookings were down 22.4% (23.2% on a Constant Currency basis) year-over-year for the six months ended June 30, 2024.

New Bookings performance continues to be impacted by the current economic environment.

Adjusted EBITDA

Adjusted EBITDA for the three months ended June 30, 2024 was $26.8 million, up 12.9% (10.3% on a Constant Currency basis) or $3.1 million ($2.5 million on a Constant Currency basis) from $23.8 million in the same period in 2023. Adjusted EBITDA margin was 26.1%, up 230 basis points (210 basis points on a Constant Currency basis). Adjusted EBITDA growth and margin expansion benefitted from higher revenues, operating efficiencies, ongoing cost optimization efforts, and foreign exchange fluctuations.

For the six months ended June 30, 2024, Adjusted EBITDA was $49.9 million, up 13.5% (12.3% on a Constant Currency basis) or $5.9 million ($5.4 million on a Constant Currency basis) from $44.0 million in the same period in 2023. Adjusted EBITDA margin was 24.7%, up 210 basis points (210 basis points on a Constant Currency basis).

Property Tax								
	Three months ended June 30,				Six months ended June 30,			
In thousands of dollars	**2024**	2023	% Change	Constant Currency % Change	**2024**	2023	% Change	Constant Currency % Change
Revenues	$ 76,316	$ 75,121	1.6%	0.0%	$ 150,441	$ 141,805	6.1%	4.8%
Adjusted EBITDA	$ 18,820	$ 28,227	(33.3%)	(34.4%)	$ 37,650	$ 43,298	(13.0%)	(13.8%)
Adjusted EBITDA margin	24.7%	37.6%	(1,290 bps)	(1,290 bps)	25.0%	30.5%	(550 bps)	(540 bps)

Revenues

Revenues for the three months ended June 30, 2024 were $76.3 million, up 1.6% (0.0% on a Constant Currency basis) or $1.2 million ($0.0 million on a Constant Currency basis) from $75.1 million in the same period in 2023. The growth was driven by Canada and was offset by an overall decline in the U.K. and the U.S. The annuity billings that commenced for the new U.K. cycle that reset in 2023 contributed $8.3 million in the quarter.

For the six months ended June 30, 2024, revenues were $150.4 million, up 6.1% (4.8% on a Constant Currency basis) or $8.6 million ($6.8 million on a Constant Currency basis) from $141.8 million in the same period in 2023.

Adjusted EBITDA

Adjusted EBITDA for the three months ended June 30, 2024 was $18.8 million, down 33.3% (34.4% on a Constant Currency basis) or $9.4 million ($9.7 million on a Constant Currency basis) from $28.2 million in the same period in 2023. The decrease in Adjusted EBITDA reflects higher compensation expenditures as well as geographic variances of our revenue and related cost base on a year-over-year view.

For the six months ended June 30, 2024, Adjusted EBITDA was $37.7 million, down 13.0% (13.8% on a Constant Currency basis) or $5.6 million ($6.0 million on a Constant Currency basis) from $43.3 million in the same period in 2023.

Appraisals and Development Advisory								
	Three months ended June 30,				Six months ended June 30,			
In thousands of dollars	**2024**	2023	% Change	Constant Currency % Change	**2024**	2023	% Change	Constant Currency % Change
Revenues	$ 27,826	$ 30,532	(8.9%)	(8.9%)	$ 54,448	$ 60,244	(9.6%)	(9.3%)
Adjusted EBITDA	$ 2,437	$ 3,339	(27.0%)	(27.1%)	$ 2,317	$ 6,317	(63.3%)	(63.0%)
Adjusted EBITDA margin	8.8%	10.9%	(210 bps)	(220 bps)	4.3%	10.5%	(620 bps)	(620 bps)

Revenues

Revenues for the three months ended June 30, 2024 were $27.8 million, down 8.9% (8.9% on a Constant Currency basis) or $2.7 million ($2.7 million on a Constant Currency basis) from $30.5 million in the same period in 2023. The performance reflects muted market activity in the current economic environment as the business segment has some exposure to reduced transaction volumes and higher interest rates, resulting in fewer appraisals and new project starts.

For the six months ended June 30, 2024, revenues were $54.4 million, down 9.6% (9.3% on a Constant Currency basis) or $5.8 million ($5.6 million on a Constant Currency basis) from $60.2 million in the same period in 2023.

Adjusted EBITDA

Adjusted EBITDA for the three months ended June 30, 2024 was $2.4 million, down 27.0% (27.1% on a Constant Currency basis) or $0.9 million ($0.9 million on a Constant Currency basis) from $3.3 million in the same period in 2023. Adjusted EBITDA declined primarily from reduction in revenues.

For the six months ended June 30, 2024, Adjusted EBITDA was $2.3 million, down 63.3% (63.0% on a Constant Currency basis) or $4.0 million ($4.0 million on a Constant Currency basis) from $6.3 million in the same period in 2023.

6.3. Corporate Costs

Corporate costs

Corporate costs were $11.3 million for the three months ended June 30, 2024, as compared to $10.6 million in the same period in 2023. For the six months ended June 30, 2024, corporate costs were $23.3 million, as compared to $22.4 million in the same period in 2023. The increase in corporate costs primarily reflects certain one-time expenditures related to strategic corporate initiatives.

7. Business Outlook

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" beginning on page 1 of this MD&A.

With the planned divestiture of the Property Tax business, we are withdrawing guidance for the Property Tax segment. We are also taking the opportunity to refine our full year 2024 business outlook at the mid-year mark to reflect current market expectations of a slower than originally anticipated market recovery in the second half of 2024.

The business outlook for continuing operations in fiscal 2024 by reportable segment is as follows:

2024 outlook by reportable segment	
Analytics	• 6 – 9% Recurring Revenue growth *(updated from 8 – 12%)* • 400 – 500 bps of Adjusted EBITDA margin expansion *(unchanged)*
Appraisals and Development Advisory	• Low single digit revenue decline *(updated from low single digit growth)* • Single digit Adjusted EBITDA growth *(updated from double digit growth)*
Consolidated *(excluding Property Tax)* *Unchanged from February 2024 outlook*	• Single digit revenue growth • Double digit Adjusted EBITDA growth • Adjusted EBITDA margin improvement over 2023

Note: Business Outlook presented on a Constant Currency basis over full year 2023. The Consolidated outlook excludes contribution from Property Tax.*

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. Appraisal & Development Advisory: improved client profitability and improved operating leverage. The Consolidated outlook assumes that the Property Tax business moves to discontinued operations in 2024, and that corporate costs in the second half of 2024 will be nominally higher than the first half of 2024.

Seasonality and Cyclicality

Some of our businesses are subject to cyclical trends and seasonality that may impact overall quarterly results.

As is typical for many technology companies, Analytics tends to have a seasonally stronger fourth quarter, and first quarter revenue and Adjusted EBITDA margins may be sequentially lower than in the fourth quarter of the preceding year (excluding the impact of unusual or nonrecurring items). We believe the strength in the fourth quarter generally reflects customer spending patterns and budget cycles, as well as the impact of incentive compensation plans for our sales personnel. The first quarter typically includes additional expenses, such as payroll taxes, that impact the sequential Adjusted EBITDA margin trend. Also, our Valuation Management Solutions business may experience seasonality around our second and fourth quarters due to clients who conduct bi-annual and annual appraisals.

Property Tax experiences stronger second quarters driven by the annuity billings in the U.K., however only starting in the second year of a new U.K. cycle. In the U.S., where market cycles are annual, we also tend to experience higher volumes of settlements in the second and third quarters. Overall, Property Tax tends to experience more quarterly variability due to timing of contingency settlements and other factors, such as the wide-ranging variety of tax cycles across our various jurisdictions (which range from annual to several years). It should also be noted that since a higher portion of our revenues come from contingency contracts, the front-end of a cycle typically requires a ramp-up period in preparation for the appeals. Therefore, it tends to have lower earnings than later in the cycle, when more settlements are made and a high majority of those revenues flow directly to the bottom line.

While these seasonal and cyclical factors have historically been relevant, given the evolution of our businesses through our growth and acquisitions, this pattern should not be considered as a reliable indicator of our future revenue or financial performance. Many other factors, including general economic conditions, may also have an impact on our business and financial results, and are described in our Annual Information Form for the year ended December 31, 2023.

8. Liquidity and Capital Resources

Cash Flow	Three months ended June 30,		Six months ended June 30,	
In thousands of dollars	**2024**	2023	**2024**	2023
Net cash related to operating activities	$ 39,809	$ 21,699	$ 36,840	$ (9,283)
Net cash related to financing activities	(32,727)	(21,434)	(24,449)	422
Net cash related to investing activities	(2,340)	758	(5,267)	(2,674)
Effect of foreign currency translation	453	(809)	456	(657)
Change in cash position during the period	$ 5,195	$ 214	$ 7,580	$ (12,192)
Free Cash Flow	$ 37,537	$ 19,110	$ 31,853	$ (15,304)
Dividends paid	$ (6,212)	$ (6,591)	$ (12,254)	$ (13,167)

We expect to fund operations with cash on hand and cash derived from operating activities. Deficiencies arising from short-term working capital requirements and capital expenditures may be financed on a short-term basis with bank indebtedness or on a permanent basis with offerings of securities. Our liquidity may be affected by a reduction to future cash generated from operating activities, or by a limitation of access to short-term financing and tightening credit markets due to factors such as a significant erosion in the general state of the economy. For further details regarding our bank indebtedness, refer to the "Cash from Financing Activities" discussion below and Note 11 – Borrowings in the notes to the interim financial statements.

We returned $6.9 million to shareholders in the quarter through quarterly dividends of $0.15 per common share.

8.1. Cash from Operating Activities

Working Capital		
In thousands of dollars	**June 30, 2024**	December 31, 2023
Current assets	$ 315,375	$ 302,563
Current liabilities	(223,362)	(218,276)
Working capital	$ 92,013	$ 84,287

Current assets are composed primarily of cash and cash equivalents and trade receivables and other. It also includes income taxes recoverable and derivative financial instruments for our equity derivatives on RSUs and DSUs. The increase is primarily due to an increase to cash on hand, a reclassification of some of our equity derivatives as current assets, as well as higher contract assets (unbilled revenue on customer contracts), offset by a decrease in our trade receivables associated with the seasonally higher billings from the final quarter of 2023.

Current liabilities are composed primarily of trade payables and other, and lease liabilities. It also includes income taxes payable. The increase is primarily driven by an increase in our contract liabilities (deferred revenue) due to the timing of collecting on contract renewals, offset by reductions in our accrued expenses from the payment of our accrued variable compensation costs in the first quarter of 2024, the final payments of deferred consideration related to our historical acquisitions, and lower income taxes payable.

As at June 30, 2024, trade receivables, net and contract assets (unbilled revenue on customer contracts) net of contract liabilities (deferred revenue) were $136.1 million, down 6.2% or $9.0 million from $145.1 million as at December 31, 2023. As a percentage of the trailing 12-month revenues, trade receivables and unbilled revenue on customer contracts net of deferred revenue was 17.4% as at June 30, 2024, as compared to 18.8% as at December 31, 2023.

Our DSO* was 70 days as at June 30, 2024, as compared to 71 days as at December 31, 2023 and represents the sustaining of our increased billings and collections throughput and efforts since the first quarter of 2023. We continue to expect returning to historical DSO levels in the coming quarters.

Current and long-term liabilities include amounts owing to the vendors of acquired businesses on account of excess working capital, contingent consideration payable, deferred purchase price payments and other closing adjustments. As at June 30, 2024, the amounts owing to the vendors of acquired businesses were $0.4 million, as compared to $3.1 million as at December 31, 2023.

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

Changes in working capital affecting net cash generated by (used in) operations	Three months ended June 30,		Six months ended June 30,	
In thousands of dollars	**2024**	2023	**2024**	2023
Net changes in:				
Operating working capital	$ 17,673	$ (14,918)	$ (2,114)	$ (64,143)
Liabilities for cash-settled share-based compensation	670	(3,472)	5,501	(4,083)
Deferred consideration payables	(1,755)	(1,706)	(1,674)	(1,706)
Net changes	$ 16,588	$ (20,096)	$ 1,713	$ (69,932)

Operating working capital is composed primarily of trade receivables and other, trade payables and other excluding the impacts of liabilities for cash-settled share-based compensation and contingent consideration payables, and income taxes recoverable and payable. The change in operating working capital for the six months ended June 30, 2024 was primarily driven by an increase in higher contract assets (unbilled revenue on customer contracts) and a decrease in our accrued expenses from the payment of our accrued variable compensation costs in the first quarter of 2024, offset by an increase in our contract liabilities (deferred revenue) associated with the timing and seasonality of our billings and collections.

Liabilities for cash-settled share-based compensation represent awards granted through our Long-Term Incentive Restricted Share Unit Plan, Restricted Share Unit Plan, or Deferred Share Unit Plan, which are to be settled in the future. These liabilities are linked, and therefore exposed, to movements in the price of our common shares. The movement in our liabilities for cash-settled share-based compensation was primarily driven by the increase in the closing price of our common shares from $42.14 per share on December 31, 2023 to $50.52 per share on June 30, 2024. For further details regarding liabilities for cash-settled share-based compensation, refer to Note 13 – Share-based Compensation in the notes to the interim financial statements.

From time to time, we become party to deferred or contingent consideration payables which are assumed as part of an acquisition. Deferred consideration payments represent unconditional portions of the purchase consideration of our acquisitions that are payable at a date after the closing date of the related transaction. Contingent consideration payments are generally based on acquired businesses achieving certain future-oriented performance targets from the date of acquisition and may differ from our initial estimates.

8.2. Cash from Financing Activities

Our revolving bank credit facilities are used for general corporate purposes and the funding of our acquisitions. From time to time, we amend our bank credit facilities to further strengthen our liquidity position. Most recently, on June 17, 2024, we further amended our bank credit facilities to, among other things, facilitate changes to the members of the syndicate of lenders providing our credit facilities, as well as adopt CORRA as the new base reference rate for Canadian dollar loans, given the discontinuation of the CDOR. Our borrowing capacity remains at $550.0 million with certain provisions that allow us to further increase the limit to $650.0 million. The amended bank credit facilities maintain the existing maximum Funded debt to EBITDA financial covenant ratio of 4.5 with provisions that allow for a short-term increase up to 5.0 following certain business acquisitions and are secured on certain of our assets. The bank credit facilities mature on March 24, 2027, with an additional two-year extension available at our option. The commitment from certain lenders to increase our borrowing capacity under our existing bank facilities to fund the acquisition of REVS has been terminated with the termination of the proposed acquisition.

As at June 30, 2024, our total borrowings on our bank credit facilities amounted to $306.4 million, a decrease of $2.2 million from December 31, 2023, primarily based on working capital and operational requirements. In the second quarter, we drew a total of $nil on our bank credit facilities, as compared to $10.2 million in the same period in 2023. We repaid $24.2 million in the quarter, as compared to $21.7 million in the same period in 2023. We continue to pay down the total outstanding balance with cash flows generated from our operations.

Loans under the bank credit facilities bear interest at a floating rate, based on the Canadian prime rates, Canadian bankers' acceptance rates, U.S. base rates, or SONIA, SOFR, and €STR rates plus, in each case, an applicable margin to those rates. The applicable margin for Canadian bankers' acceptance and SONIA, SOFR and €STR borrowings depends on a trailing four-quarter calculation of the Funded debt to EBITDA ratio. The weighted average effective rate of interest for the three and six months ended June 30, 2024 on our bank credit facilities was 5.94% and 6.03%, as compared to 5.90% and 5.92% in the corresponding periods in 2023, respectively. To mitigate our exposure to interest rate fluctuations, on April 29, 2022, we entered into interest rate swap agreements for a total notional amount of GBP57.0 million to pay the counterparties a fixed interest rate of 2.07% per annum in exchange for an amount equal to the GBP – SONIA.

In addition, the Company and certain of its subsidiaries, collectively the guarantors, must account for at least 80% of consolidated revenues on a trailing 12-month basis. The bank credit facilities require repayment of the principal at such time as we receive proceeds of insurance, equity or debt issuances, or sale of assets in excess of certain thresholds. Letters of credit are also available on customary terms for bank credit facilities of this nature. Furthermore, we have provided a security interest to the lenders over certain of our assets in connection with the bank credit facilities.

We also have outstanding letters of credit under our bank credit facilities in the total amount of $1.0 million (December 31, 2023 – $1.0 million).

As at June 30, 2024, we were in compliance with the financial covenants and other requirements of our amended bank credit facilities. The financial covenants are summarized below:

	June 30, 2024
Funded debt to EBITDA (maximum of 4.50:1)	2.11:1
Interest coverage (minimum of 3.00:1)	6.55:1

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

Contractual Obligations [1]	**Payments Due by Period (undiscounted)**				
In thousands of dollars	Total	Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years
Bank credit facilities	$ 306,369	$ -	$ 306,369	$ -	$ -
Lease obligations	50,244	15,164	19,980	10,872	4,228
Contingent consideration payables	200	200	-	-	-
Other liabilities	198,908	143,465	30,188	13,370	11,885
Total contractual obligations	$ 555,721	$ 158,829	$ 356,537	$ 24,242	$ 16,113

[1] Contractual obligations exclude aggregate unfunded capital contributions of $3.1 million to certain partnerships as the amount and timing of such payments are uncertain.

We did not purchase common shares under our NCIB during the three and six months ended June 30, 2024.

8.3. Cash from Investing Activities

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

Capital expenditures are reconciled as follows:

Capital Expenditures	Three months ended June 30,		Six months ended June 30,	
In thousands of dollars	**2024**	2023	**2024**	2023
Property, plant and equipment additions	$ 187	$ 1,117	$ 425	$ 2,673
Intangibles additions	2,085	1,472	4,562	3,348
Capital expenditures	$ 2,272	$ 2,589	$ 4,987	$ 6,021

We continue to make further investments in 2024 to transform how we operate, collaborate and go-to-market. These incremental investments improve how we engage with our employees and customers and enable us to efficiently and effectively scale as we continue to grow to better serve our markets and enhance our productivity metrics.

8.4. 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	Three months ended June 30,		Six months ended June 30,	
In thousands of dollars	**2024**	2023	**2024**	2023
Net cash provided by (used in) operating activities	$ 39,809	$ 21,699	$ 36,840	$ (9,283)
Less: Capital Expenditures	(2,272)	(2,589)	(4,987)	(6,021)
Free Cash Flow	$ 37,537	$ 19,110	$ 31,853	$ (15,304)

We use 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.

In comparing the Free Cash Flow for the three and six months ended June 30, 2024 to the comparative period, it should be considered that the Free Cash Flow for the three and six months ended June 30, 2023 was impacted by the anticipated delayed billings from our enterprise resource planning system implementation. Free Cash Flow for the three and six months ended June 30, 2024 was also higher than the three and six months ended June 30, 2022 ($25.8 million and $16.1 million, respectively) which represents a better comparative period and reflects our continued focus on cash generation.

9. Reconciliation of Non-GAAP Measures

9.1. 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):

	Three months ended June 30,		Six months ended June 30,	
In thousands of dollars, except for per share amounts	**2024**	2023	**2024**	2023
Profit (loss) for the period	$ 2,284	$ 11,856	$ 2,131	$ 9,443
Occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 (1)	(3,421)	(2,979)	(6,502)	(5,981)
Depreciation of right-of-use assets	2,904	2,871	5,677	5,782
Depreciation of property, plant and equipment and amortization of intangibles (7)	11,223	11,885	22,957	24,346
Acquisition and related transition costs (income)	5,340	(153)	8,898	24
Unrealized foreign exchange (gain) loss (2)	(540)	391	(1,866)	826
(Gain) loss on disposal of right-of-use assets, property, plant and equipment and intangibles (2)	1,059	14	2,042	12
Share of (profit) loss of joint venture	(664)	(634)	(506)	(1,140)
Non-cash share-based compensation costs (3)	4,711	4,904	9,140	10,737
(Gain) loss on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs (3)	96	4,243	(1,647)	3,671
Restructuring costs (recovery)	2,618	(757)	8,005	56
(Gain) loss on investments (4)	55	87	241	(326)
Other non-operating and/or non-recurring (income) costs (5)	3,088	2,638	4,356	7,163
Finance costs (income), net – leases	299	307	578	678
Finance costs (income), net – other (8)	4,542	1,130	8,674	7,504
Income tax expense (recovery) (9)	3,211	8,892	4,379	8,428
Adjusted EBITDA	$ 36,805	$ 44,695	$ 66,557	$ 71,223
Depreciation of property, plant and equipment and amortization of intangibles of non-acquired businesses (7)	(2,665)	(3,799)	(5,571)	(6,789)
Finance (costs) income, net – other (8)	(4,542)	(1,130)	(8,674)	(7,504)
(Gain) loss on hedging transactions, including currency forward contracts and interest expense (income) on swaps (8)	(78)	(4,172)	(975)	(2,964)
Tax effect of adjusted earnings (loss) adjustments (9)	(8,690)	(11,397)	(15,320)	(14,611)
Adjusted earnings (loss)*	$ 20,830	$ 24,197	$ 36,017	$ 39,355
Weighted average number of shares – basic	45,782,032	45,361,155	45,657,634	45,187,697
Weighted average number of restricted shares	331,672	486,009	375,090	524,125
Weighted average number of shares – adjusted	46,113,704	45,847,164	46,032,724	45,711,822
Adjusted earnings (loss) per share (6)	$0.45	$0.53	$0.78	$0.86

(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, 2024 relate to legal, advisory, consulting, and other professional fees 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 this 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.

9.2. 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:

	Three months ended June 30, 2024		Six months ended June 30, 2024	
	As presented	For Constant Currency	As presented	For Constant Currency
Canadian Dollar	1.000	1.000	1.000	1.000
United States Dollar	1.368	1.343	1.358	1.347
Pound Sterling	1.726	1.681	1.718	1.661
Euro	1.472	1.462	1.468	1.456
Australian Dollar	0.902	0.897	0.894	0.911

	Three months ended June 30, 2023		Six months ended June 30, 2023	
	As presented	For Constant Currency	As presented	For Constant Currency
Canadian Dollar	1.000	1.000	1.000	1.000
United States Dollar	1.343	1.276	1.347	1.271
Pound Sterling	1.681	1.604	1.661	1.652
Euro	1.462	1.359	1.456	1.390
Australian Dollar	0.897	0.912	0.911	0.914

10. Summary of Quarterly Results

	2024		2023					2022		
In thousands of dollars, except for per share amounts	**Jun 30**	Mar 31	Fiscal 2023	Dec 31	Sep 30	Jun 30	Mar 31	Fiscal 2022	Dec 31	Sep 30
Results of Operations										
Revenues	$ 206,705	$ 199,543	$ 772,843	$ 191,574	$ 185,232	$ 205,213	$ 190,824	$ 735,451	$ 183,762	$ 177,691
Adjusted EBITDA	$ 36,805	$ 29,752	$ 135,041	$ 34,168	$ 29,650	$ 44,695	$ 26,528	$ 135,322	$ 34,928	$ 32,910
Adjusted EBITDA margin	17.8%	14.9%	17.5%	17.8%	16.0%	21.8%	13.9%	18.4%	19.0%	18.5%
Profit (loss) for the period	$ 2,284	$ (153)	$ 10,232	$ (140)	$ 929	$ 11,856	$ (2,413)	$ (889)	$ (8,759)	$ 6,827
Basic earnings (loss) per share	$0.05	$(0.00)	$0.23	$(0.00)	$0.02	$0.26	$(0.05)	$(0.02)	$(0.20)	$0.15
Diluted earnings (loss) per share	$0.05	$(0.00)	$0.22	$(0.00)	$0.02	$0.26	$(0.05)	$(0.02)	$(0.20)	$0.15
Adjusted earnings (loss) per share	$0.45	$0.33	$1.64	$0.46	$0.33	$0.53	$0.33	$1.89	$0.44	$0.42
Weighted average number shares ('000s):										
Basic	45,782	45,533	45,302	45,421	45,408	45,361	45,012	44,635	44,715	44,609
Diluted	46,418	45,533	45,908	45,421	45,904	45,816	45,012	44,635	44,715	45,382

11. Share Data

As at August 6, 2024, 46,035,598 common shares were outstanding and are net of 255,757 escrowed shares. These escrowed shares are subject to restrictive covenants and may or may not vest. Accordingly, these shares are not included in the total number of common shares outstanding for financial reporting purposes and are not included in basic earnings per share calculations.

As at June 30, 2024, there were 2,448,981 share options outstanding (December 31, 2023 – 2,216,822 share options outstanding) at a weighted average exercise price of $50.17 per share (December 31, 2023 – $48.61 per share) and 1,138,965 share options were exercisable (December 31, 2023 – 835,575). All share options are exercisable into common shares on a one-for-one basis.

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

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

For the three and six months ended June 30, 2024, 13,834 and 33,773 common shares (June 30, 2023 – 5,246 and 9,639 common shares, respectively) were issued under the DRIP.

12. Financial Instruments and Other Instruments

Financial instruments held in the normal course of business included in our unaudited interim condensed consolidated balance sheet as at June 30, 2024 consist of cash and cash equivalents, trade receivables and other (excluding deferred costs to obtain customer contracts and prepayments), trade payables and other (excluding contract liabilities), income taxes recoverable and payable, investments, borrowings and derivative financial instruments. We do not enter into financial instrument arrangements for speculative purposes.

The fair values of the short-term financial instruments approximate their carrying values. The fair values of borrowings are not significantly different than their carrying values, as these instruments bear interest at rates comparable to current market rates. The fair values of other long-term assets and liabilities, and contingent consideration payables are measured using a discounted cash flow analysis of expected cash flows in future periods. The investments in equity instruments are measured based on valuations of the respective entities. Investments in partnerships are measured in relation to the fair value of assets in the respective partnerships.

The fair value of the liabilities for our RSUs and DSUs as at June 30, 2024 was approximately $28.9 million, based on the published trading price on the TSX for our common shares.

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

To mitigate our exposure to interest rate fluctuations, we monitor interest rates and consider entering into interest rate swap agreements in connection with our bank credit facilities. On April 29, 2022, we entered into interest rate swap agreements for a total notional amount of GBP57.0 million. The net fair value of this derivative is $5.7 million in our favour.

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

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

As at June 30, 2024, we have equity derivatives relating to RSUs and DSUs outstanding with a notional amount of $35.3 million. The net fair value of these derivatives is $9.3 million in our favour.

We are exposed to credit risk with respect to our cash and cash equivalents, trade receivables and other and derivative financial instruments. Credit risk is not concentrated with any particular customer. In certain parts of our business, it is often common business practice of our customers to pay invoices over an extended period of time and/or at the completion of the project or on receipt of funds. We assess lifetime expected credit losses for all trade receivables and contract assets for unbilled revenue on customer contracts by grouping customers with shared credit risk characteristics, the days past due, and by incorporating forward-looking information as applicable.

Liquidity risk is the risk that we will not be able to meet our financial obligations as they become due. We manage liquidity risk through the management of our capital structure and financial leverage. We also manage liquidity risk by continuously monitoring actual and projected cash flows, taking into account the seasonality of our revenues and receipts and the maturity profile of our financial assets and liabilities. Our Board of Directors reviews and approves our operating and capital budgets, as well as any material transactions outside the ordinary course of business, including proposals on mergers, acquisitions or other major investments.

13. Contingencies

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

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

14. Changes in Material Accounting Policies and Estimates

14.1. Adoption of Recent Accounting Pronouncements

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued amendments to IAS 1, *Presentation of Financial Statements*, to provide a more general approach to the presentation of liabilities as current or non-current based on contractual arrangements in place at the reporting date. These amendments:

- specify that the rights and conditions existing at the end of the reporting period are relevant in determining whether we have a right to defer settlement of a liability by at least twelve months;
- require disclosures around the relevant information about the covenants to be complied with in order to have the right to defer settlement of a liability by at least twelve months;
- provide that management's expectations are not a relevant consideration as to whether we will exercise our rights to defer settlement of a liability; and
- clarify when a liability is considered settled.

The new guidance to annual periods beginning on or after January 1, 2024 is to be applied retrospectively. These amendments did not have a material impact on our interim financial statements.

14.2. Future Accounting Pronouncements

Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments

In May 2024, the IASB issued amendments to IFRS 9, *Financial Instruments*, and IFRS 7, *Financial Instruments: Disclosures*, relating to the classification and measurement requirements of financial instruments recognized within those standards. These amendments:

- clarify that a financial liability is to be derecognized on the 'settlement date' and introduces an accounting policy to derecognize financial liabilities settled through an electronic payment system before settlement date if certain conditions are met;

- clarify how to assess the contractual cash flow characteristics of financial assets that include 'environmental, social and governance' - linked features and other similar contingent features;
- clarify the treatment of non-recourse assets and contractually linked instruments; and
- require additional disclosures for financial assets and liabilities with contractual terms that reference a contingent event and equity instruments classified at fair value through other comprehensive income.

These amendments will be effective for annual periods beginning on or after January 1, 2026 and will be applied retrospectively with an adjustment to opening retained earnings. Prior periods will not be required to be restated and can only be restated without using hindsight. Entities can early adopt the amendments that relate to the classification of financial assets plus the related disclosures, and can apply other amendments subsequently. We do not expect material impacts from these amendments on our interim financial statements.

Issuance of IFRS 18: Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure in Financial Statements*, which will replace IAS 1, *Presentation in Financial Statements*. The issuance introduces new categories and subtotals in the statements of comprehensive income (loss), requires disclosure of management-defined performance measures, and includes new requirements for the location, aggregation and disaggregation of financial information. The new standard will:

- require the classification of all income and expenses within the statements of comprehensive income (loss) into one of five categories: operating; investing; financing; income taxes; and discontinued operations. In addition, entities will be required to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and incomes taxes' and 'profit or loss';
- introduce the concept of a management-defined performance measure ("MPM") which it defines as a subtotal of income and expenses that an entity uses in public communications outside financial statements, to communicate management's view of an aspect of the financial performance of the entity. The standard will require the disclosure of information about all of an entity's MPMs, including how the measure is calculated and reconciled to the most comparable subtotal specified by IFRS; and
- introduce a principle for determining the location of information based on identified 'roles' of the primary financial statements and the notes as well as require aggregation and disaggregation of information with reference to similar and dissimilar characteristics.

IFRS 18 will be effective for annual periods beginning on or after January 1, 2027 and will apply retrospectively. Early adoption is permitted and must be disclosed. We are in the process of evaluating the impact of this standard on our interim financial statements.

15. Disclosure Controls and Procedures and Internal Controls over Financial Reporting

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

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

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

Section 3.3(1)(b) of NI 52-109 allows an issuer to limit its design of DC&P and ICFR to exclude controls, policies and procedures of a business that the issuer acquired not exceeding 365 days from the date of acquisition. Management has not limited the scope of the design of DC&P and ICFR to exclude controls, policies and procedures of any acquired businesses as at June 30, 2024.

There have been no significant changes in our internal controls over financial reporting that occurred for the quarter ended June 30, 2024, the most recently completed interim period, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

The audit committee and our Board of Directors have reviewed and approved this MD&A and the interim financial statements as at and for the three and six months ended June 30, 2024.

16. Additional Information

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

Altus Group

LISTINGS

Toronto Stock Exchange
Stock trading symbol: AIF

AUDITORS

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