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Condensed Interim Consolidated Financial Statements

As at and for the nine months ending
September 30, 2021 and 2020 | Unaudited

PARK LAWN CORPORATION

NOTICE TO READER

Park Lawn Corporation's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements.

(signed) "*Paul G. Smith*"
Paul G. Smith
Chairman, Director

(signed) "*Steven Scott*"
Steven Scott
Director

PARK LAWN CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2021 AND DECEMBER 31, 2020
(UNAUDITED)

	September 30, 2021	December 31, 2020 *(Restated, Measurement Period Adjustment - see Note 6)*
Assets		
Current assets		
Cash	$ 52,551,757	$ 31,475,091
Accounts receivable	19,873,661	14,015,313
Pre-need receivables, current portion (Note 4)	35,615,782	33,120,302
Inventories, current portion (Note 5)	12,157,223	12,103,621
Prepaid expenses and other assets (Note 14)	9,079,332	11,971,945
	129,277,755	102,686,272
Non-current assets		
Pre-need receivables, net of current portion (Note 4)	77,999,961	72,013,545
Inventories, net of current portion (Note 5)	89,564,018	91,897,283
Land held for development (Note 7)	29,101,013	26,624,737
Property and equipment (Note 8)	262,316,732	227,201,137
Care and maintenance trust fund investments (Note 9)	276,983,414	246,001,481
Pre-need merchandise and service trust fund investments (Note 10)	308,303,878	293,048,584
Deferred tax assets	8,242,652	5,142,370
Goodwill and intangibles (Note 6 and 12)	480,379,870	425,010,012
Deferred commissions (Note 13)	34,970,095	32,814,234
Prepaid expenses and other assets (Note 14)	7,809,272	8,097,713
	1,575,670,905	1,427,851,096
TOTAL ASSETS	$ 1,704,948,660	$ 1,530,537,368
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 26)	$ 46,806,077	$ 45,172,738
Dividends payable (Note 20)	1,288,223	1,123,452
Current portion of long-term debt (Note 15)	231,375	353,389
Current portion of notes payable (Note 16)	4,812,430	2,697,019
Current portion of lease liabilities (Note 17)	1,538,976	2,154,722
	54,677,081	51,501,320
Non-current liabilities		
Long-term debt, net of current portion (Note 15)	84,501,674	143,347,019
Notes payable, net of current portion (Note 16)	9,753,803	7,963,765
Lease liabilities, net of current portion (Note 17)	4,610,238	5,136,666
Senior Unsecured Debentures (Note 18)	82,515,446	81,964,547
Deferred tax liabilities	14,728,442	12,501,714
Deferred revenue (Note 19)	192,623,393	175,572,383
Care and maintenance trusts' corpus (Note 9)	276,983,414	246,001,481
Deferred pre-need receipts held in trust (Note 10)	308,303,878	293,048,584
	974,020,288	965,536,159
Shareholders' Equity		
Share capital (Note 21)	655,239,389	505,560,310
Contributed surplus	10,401,673	11,406,852
Accumulated other comprehensive income	(15,657,250)	(16,327,689)
Retained earnings	26,267,479	10,673,762
	676,251,291	511,313,235
Non-controlling interest	-	2,186,654
	676,251,291	513,499,889
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,704,948,660	$ 1,530,537,368

Commitments and Contingencies (Note 28)
Subsequent Events (Note 30)

Approved by the Board of Directors

"Paul G. Smith"
Paul G. Smith - Chairman, Director

"Steven Scott"
Steven Scott, Director

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these unaudited condensed interim consolidated financial statements.

PARK LAWN CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(UNAUDITED)

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Net revenue				
Net sales (Note 23)	$ 88,099,412	$ 75,993,483	$ 257,037,710	$ 220,499,950
Income from care and maintenance funds (Note 9)	2,608,987	2,624,919	8,304,989	7,670,850
Interest and other income	1,339,372	1,648,995	4,712,953	4,892,360
	92,047,771	80,267,397	270,055,652	233,063,160
Cost of sales	14,591,054	12,505,076	43,033,520	36,051,706
Gross profit	77,456,717	67,762,321	227,022,132	197,011,454
Operating expenses				
General and administrative	39,069,007	35,006,800	114,024,896	103,787,778
Amortization of intangibles (Note 12)	350,838	576,415	1,379,051	1,846,655
Maintenance	9,505,573	8,956,200	26,740,821	25,657,038
Advertising and selling	10,355,246	10,396,677	31,270,817	27,299,418
Finance costs (Note 24)	2,326,425	2,720,149	7,470,583	7,243,761
Share based incentive compensation (Note 22 and 26)	1,143,149	1,165,547	3,432,453	3,768,325
	62,750,238	58,821,788	184,318,621	169,602,975
Earnings from operations	14,706,479	8,940,533	42,703,511	27,408,479
Acquisition and integration costs (Note 6)	(1,825,179)	(537,757)	(4,597,162)	(4,809,746)
Other income (expenses) (Note 25)	(393,165)	(491,547)	(1,278,043)	(3,327,640)
Earnings before income taxes	12,488,135	7,911,229	36,828,306	19,271,093
Income tax expense	3,434,378	2,436,037	10,811,793	6,337,849
Net earnings for the period	$ 9,053,757	$ 5,475,192	$ 26,016,513	$ 12,933,244
Net earnings attributable to:				
Equity holders of PLC	$ 9,053,757	$ 5,403,038	$ 25,906,770	$ 12,769,609
Non-controlling interest	-	72,154	109,743	163,635
	$ 9,053,757	$ 5,475,192	$ 26,016,513	$ 12,933,244
Attributable to equity holders of PLC				
Net earnings per share - basic	$ 0.291	$ 0.181	$ 0.859	$ 0.430
Net earnings per share - diluted	$ 0.288	$ 0.180	$ 0.848	$ 0.428
Weighted average number of common shares:				
- basic	31,092,526	29,814,306	30,157,416	29,684,349
- diluted	31,436,261	29,942,397	30,555,003	29,845,277

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these unaudited condensed interim consolidated financial statements.

PARK LAWN CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net earnings for the period	$ 9,053,757	$ 5,475,192	$ 26,016,513	$ 12,933,244
Item of other comprehensive income to be subsequently reclassified to net earnings				
Foreign currency translation of foreign operations	17,985,938	(14,671,318)	670,439	16,113,126
Comprehensive income (loss)	$ 27,039,695	$ (9,196,126)	$ 26,686,952	$ 29,046,370

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these unaudited condensed interim consolidated financial statements.

PARK LAWN CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(UNAUDITED)

	# of Common Shares Issued and Outstanding	Share Capital	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income/Loss	Non Controlling Interest	Shareholders' Equity
Balance at January 1, 2020	29,354,844	$ 502,047,830	$ 7,618,962	$ 5,091,160	$ (2,112,155)	$ 1,879,038	$ 514,524,835
Dividends declared (Note 20)	-	-	-	(10,079,903)	-	-	(10,079,903)
Equity incentive plan (Note 22)	-	-	3,363,465	-	-	-	3,363,465
Shares issued:							
Dividend reinvestment plan (Note 21i)	64,599	1,554,756	-	-	-	-	1,554,756
Exercise of Equity incentive plan (Note 22)	104,795	978,680	(978,680)	-	-	-	-
Other comprehensive income (loss)	-	-	-	-	16,113,126	-	16,113,126
Net earnings for the period	-	-	-	12,769,609	-	163,635	12,933,244
Balance at September 30, 2020	29,524,238	$ 504,581,266	$ 10,003,747	$ 7,780,866	$ 14,000,971	$ 2,042,673	$ 538,409,523
Balance at January 1, 2021	29,564,526	$ 505,560,310	$ 11,406,852	$ 10,673,762	$ (16,327,689)	$ 2,186,654	$ 513,499,889
Dividends declared (Note 20)	-	-	-	(10,313,053)	-	-	(10,313,053)
Equity incentive plan (Note 22)	-	-	3,314,174	-	-	-	3,314,174
Shares issued:							
Dividend reinvestment plan (Note 21i)	66,519	2,140,973	-	-	-	-	2,140,973
Exercise of Equity incentive plan (Note 22)	188,547	4,319,353	(4,319,353)	-	-	-	-
Prospectus financing, net of costs (Note 21ii)	4,081,000	143,218,753	-	-	-	-	143,218,753
Other comprehensive income (loss)	-	-	-	-	670,439	-	670,439
Sale of non-strategic business (Note 25)	-	-	-	-	-	(2,296,397)	(2,296,397)
Net earnings for the period	-	-	-	25,906,770	-	109,743	26,016,513
Balance at September 30, 2021	33,900,592	$ 655,239,389	$ 10,401,673	$ 26,267,479	$ (15,657,250)	$ -	$ 676,251,291

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these unaudited condensed interim consolidated financial statements.

PARK LAWN CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(UNAUDITED)

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Cash provided by (used in):				
Operating activities				
Net earnings for the period	$ 9,053,757	$ 5,475,192	$ 26,016,513	$ 12,933,244
Adjustments to reconcile net income to cash provided by (used in) operating activities:				
Loss on the sale of non-strategic business (Note 25)	-	-	847,462	-
Acquisition and integration costs	1,825,179	537,757	4,597,162	4,809,746
Deferred tax expense (recovery)	2,027,360	2,736,849	1,492,669	5,457,849
Depreciation of property and equipment, and amortization of intangibles (Note 8 and 12)	3,524,275	3,964,144	10,762,402	11,700,963
Amortization of cemetery property	1,823,898	2,448,478	6,359,014	6,007,496
Amortization of deferred commissions (Note 13)	2,962,770	866,757	6,652,491	3,174,150
Amortization of deferred financing costs (Note 15 and 24)	243,610	336,134	627,501	576,682
Accretion expense on senior unsecured debentures (Note 18 and 24)	188,807	-	550,899	-
Interest on lease liabilities (Note 17)	92,825	67,294	255,401	217,411
Share based incentive compensation (Note 22)	1,054,976	1,162,707	3,314,174	3,623,894
Loss on forgiveness of loan and other non-cash amounts (Note 25)	-	-	-	1,511,179
(Gain) loss on disposal of property and equipment (Note 8)	12,821	-	(4,984)	(13,408)
(Gain) loss on sale of other assets (Note 14)	-	-	-	57,624
Impairment on other assets (Note 14 and 25)	306,667	-	306,667	-
Changes in working capital that provided (required) cash:				
Accounts receivable	(3,366,195)	1,835,983	(3,433,155)	6,006,323
Net receipts on pre-need activity	(359,563)	(777,663)	2,687,171	(3,545,438)
Merchandise inventories	(1,850)	65,174	(139,006)	(211,088)
Prepaid expenses and other current assets	(729,454)	(406,579)	213,669	(1,253,541)
Deferred commissions (Note 13)	(3,598,469)	(2,761,355)	(8,314,775)	(5,574,780)
Accounts payable and accrued liabilities	4,898,656	3,606,005	1,337,598	3,234,976
Cash provided by (used in) operating activities	19,960,070	19,156,877	54,128,872	48,713,282
Investing activities				
Acquisition and integration costs	(1,825,179)	(537,757)	(4,597,162)	(4,809,746)
Net cash on acquisitions (Note 6)	(59,342,985)	(1,347,241)	(89,611,249)	(40,080,623)
Additions to cemetery property	(1,089,286)	(1,933,956)	(3,683,526)	(5,189,402)
Acquisition of property and equipment (Note 8)	(5,765,824)	(3,519,421)	(15,256,800)	(11,574,947)
Proceeds on disposal of property and equipment (Note 8)	256,619	522,849	1,716,911	756,809
Net cash from sale of non-strategic business (Note 25)	-	-	3,328,126	-
Additions to computer software (Note 12)	(168,151)	-	(620,396)	-
Cash interest from other assets (Note 14)	54,250	54,250	756,954	249,416
Proceeds from sale of other assets (Note 14)	-	-	-	692,960
Disposals (additions) to prepaid expenses and other assets	312,088	652,210	6,022,721	380,121
Cash provided by (used in) investing activities	(67,568,468)	(6,109,066)	(101,944,421)	(59,575,412)
Financing activities				
Proceeds from issuance of long-term debt (Note 15)	61,493,270	-	78,193,270	46,400,000
Repayment of long-term debt (Note 15)	(119,145,280)	(77,257,785)	(136,193,990)	(82,475,030)
Proceeds from prospectus financing, net of costs (Note 21)	141,297,179	-	141,297,179	-
Proceeds from senior unsecured debentures (Note 18)	-	86,250,000	-	86,250,000
Proceeds (repayment) of note payable (Note 16)	(687,277)	1,927,061	(2,131,939)	1,327,446
Proceeds (repayment) of lease liabilities (Note 17)	(699,825)	(413,188)	(1,774,719)	(1,549,646)
Dividends and distributions paid	(2,726,373)	(2,845,198)	(8,172,080)	(8,525,147)
Financing costs (Note 15)	(666,202)	(4,614,633)	(691,177)	(5,363,917)
Cash provided by (used in) financing activities	78,865,493	3,046,257	70,526,545	36,063,706
Translation adjustment on cash	(2,470,099)	(4,353,847)	(1,634,331)	(382,681)
Net increase (decrease) in cash	28,786,996	11,740,221	21,076,666	24,818,895
Cash, beginning of period	23,764,761	34,334,004	31,475,091	21,255,330
Cash, end of period	$ 52,551,757	$ 46,074,225	$ 52,551,757	$ 46,074,225
Supplemental disclosures:				
Income taxes paid	$ 2,146,583	$ 264,486	$ 8,532,745	$ 551,715
Interest expenses paid	$ 537,608	$ 1,536,572	$ 4,848,079	$ 5,597,414

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these unaudited condensed interim consolidated financial statements.

1. NATURE OF OPERATIONS

Park Lawn Corporation (the "Company" or "PLC"), located at 2 St. Clair Ave. West, Suite 1300, Toronto, Ontario, M4V 1L5, is an Ontario corporation which owns and operates cemeteries, crematoriums and funeral homes in Canada and the U.S. The Company is publicly traded on the TSX with the stock symbol of PLC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The accompanying unaudited condensed interim consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"), including International Accounting Standards 34, Interim Financial Reporting ("IAS 34"), on a basis consistent with policies disclosed in the Company's annual audited consolidated financial statements for the fiscal year ended December 31, 2020 which were prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

Certain information and footnote disclosure normally included in the annual audited consolidated financial statements, prepared in accordance with IFRS, have been omitted or are condensed. These unaudited condensed interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended December 31, 2020.

The financial information included herein reflects all adjustments that, in the opinion of management, are necessary for a fair presentation of the results for the interim periods presented. The results of operations for the periods ended September 30, 2021 and 2020 are not necessarily indicative of the results to be expected for the full year.

These unaudited condensed interim consolidated financial statements were approved by the board of directors of the Company (the "Board of Directors") on November 11, 2021.

b. Basis of presentation

The unaudited condensed interim consolidated financial statements of the Company have been prepared on a historical cost basis with the exception of certain financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

c. Basis of consolidation

The unaudited condensed interim consolidated financial statements incorporate the financial statements of the Company and entities, including structured entities ("SEs") controlled by the Company. Control exists when the Company is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment entities

The Company consolidates SEs when it has control over such SEs, irrespective of the size of the equity investment held in a particular SE.

Pre-need merchandise and service trust fund investments represent amounts set aside in both provincially and state legislated trust funds related to pre-need cemetery and funeral contracts. Care and maintenance trust fund investments represent amounts set aside in trust for provincially and state legislated care and maintenance fund obligations and non-legislated care and maintenance fund investments related to cemetery interment right sales. These trust funds are SEs as defined in IFRS 12, "Disclosure of interests in other entities." The Company assesses control over these entities in accordance with IFRS 10, "Consolidated financial statements." In accordance with this guidance, the Company has determined that the Company is the primary beneficiary of these trusts, as the Company is exposed to the majority of variable losses and returns associated with these trusts and has the ability to affect those returns through its power over the trusts. The Company directs the investment policies of these trust funds to obtain the majority of the benefits of the activities of these trusts.

Pre-need trust fund

The pre-need merchandise and service trust funds are recorded at fair value and amortized cost. Any unrealized net gain or loss resulting from changes in the fair value of the legislated trust funds, as well as accumulated and undistributed income, are recorded to deferred pre-need receipts held in trust.

Care and maintenance trust fund

The care and maintenance fund investments are recorded at fair value and amortized cost. Any unrealized net gain or loss resulting from changes in the fair value of the cemetery care and maintenance fund investments is recorded to the care and maintenance trusts' corpus.

Transactions eliminated on consolidation

All intra-group transactions, balances, income, and expenses are eliminated in full on consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

d. Functional currency

The unaudited condensed interim consolidated financial statements are presented in Canadian dollars, which is also the parent company's functional currency. The financial statements of foreign subsidiaries for which the functional currency is not the Canadian dollar are translated into Canadian dollars using the exchange rate in effect at the end of the reporting period for assets and liabilities and the average exchange rates for the period for revenue, expenses and cash flows. Foreign exchange differences arising on translation are recognized in other comprehensive income and in accumulated other comprehensive income in shareholders' equity.

Within each entity, transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to the currency at the exchange rate at that date. Foreign exchange differences arising on translation are recognized in the consolidated statements of earnings. Non-monetary assets and liabilities that are measured at historical cost are translated using the exchange rate at the date of the transaction.

e. Earnings per share

Basic earnings per share are computed by dividing net earnings by the weighted average number of common shares outstanding for the period. Diluted earnings per share are calculated using the same method as basic earnings per share adjusted for the weighted average number of common shares outstanding for the period to reflect the dilutive impact, if any, of convertible instruments and equivalents, assuming they were exercised for the number of common shares calculated by applying the treasury stock method.

f. Business combinations

The Company applies the acquisition method in accounting for business combinations.

The Company measures goodwill as the difference between the fair value of the consideration transferred, including the recognized amount of any non-controlling interest in the acquiree, and the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

The consideration transferred includes the fair value of the assets transferred (including cash), liabilities incurred by the Company on behalf of the acquiree, and equity interests issued by the Company. The consideration transferred also includes the fair value of any contingent consideration.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

f. Business combinations – continued

Transaction costs that the Company incurs in connection with a business combination, such as finders' fees, legal fees, due diligence fees, and other professional and consulting fees, are expensed in the period as incurred and included in the unaudited condensed interim consolidated statements of earnings as acquisition and integration costs.

3. CRITICAL ESTIMATES AND JUDGEMENTS

Use of estimates

The preparation of these unaudited condensed interim consolidated financial statements requires management to make certain estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the date of the unaudited condensed interim consolidated financial statements and the reported expenses during the period. Actual results could differ from these estimates. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period could result in a material adjustment to the carrying amounts of assets, liabilities, and equity in the event that actual results differ from assumptions. These assumptions are disclosed in Note 3 to its audited annual consolidated financial statements for the year ended December 31, 2020.

The Company is continuing to adapt to evolving regulatory measures and health authority guidelines concerning the COVID-19 pandemic. The outbreak of this contagious illness continues to pose a threat to the health and economic wellbeing of our employees and their families, the families we serve, our vendors and the Company. In all communities we serve, funeral homes and cemeteries have been classified as essential services and we have remained open to serve our families at their time of need. The ongoing pandemic could lead to interruptions in our supply chain and temporary closures of our supplier facilities. The extent to which COVID-19 and its effect on the economy will impact our business is indeterminable, and it is not possible to reliably estimate the length and severity of COVID-19 related impacts on the financial results and operations of the Company. The Company is monitoring the situation closely and will continue to make all efforts to minimize the risk to employees, customers and other stakeholders. Given the Company's ability to continue operating its business, no indicators of impairment were identified in relation to COVID-19.

4. PRE-NEED RECEIVABLES

	September 30, 2021	December 31, 2020
Pre-need receivables, current portion	$ 35,615,782	$ 33,120,302
Pre-need receivables, net of current portion	77,999,961	72,013,545
Total	$ 113,615,743	$ 105,133,847

The above is net of an allowance for sales returns of $14,721,124 at September 30, 2021 (at December 31, 2020 - $13,101,436).

5. INVENTORIES

	September 30, 2021	December 31, 2020 *(Restated, Measurement Period Adjustment - see Note 6)*
Merchandise inventories	$ 4,466,061	$ 4,365,474
Cemetery lots	43,377,562	46,710,091
Crypts and niches	45,140,942	44,758,868
Construction in progress	8,736,676	8,166,471
Total	101,721,241	104,000,904
Current portion	12,157,223	12,103,621
Non-current portion	$ 89,564,018	$ 91,897,283

There were no inventory write-downs in either period.

6. BUSINESS COMBINATIONS

Acquisitions completed in fiscal 2021 through September 30, 2021

The following table summarizes the statement of financial position impact on the acquisition date of the Company's business combinations that occurred in the period ended September 30, 2021:

6. BUSINESS COMBINATIONS – continued

Acquisitions completed in fiscal 2021 – continued

	Preliminary Other (i),(ii),(iii),(v)	Preliminary Mississippi Businesses (iv)	Total
Assets acquired:			
Cash	$ 153,716	$ 342,660	$ 496,376
Accounts receivable	127,616	436,619	564,235
Pre-need receivables	337,165	271,511	608,676
Inventories	1,631,970	24,420	1,656,390
Land held for development	582,689	125,650	708,339
Property and equipment	18,876,068	17,120,539	35,996,607
Care and maintenance trust fund investments	7,486,899	793,053	8,279,952
Pre-need merchandise and service trust fund investments	3,396,227	5,091,212	8,487,439
Deferred commissions	326,949	63,189	390,138
Prepaid expenses and other assets	-	6,794	6,794
Goodwill	28,492,676	24,526,424	53,019,100
Intangibles	4,268,721	-	4,268,721
Total assets	$ 65,680,696	$ 48,802,071	$ 114,482,767
Liabilities assumed:			
Accounts payable and accrued liabilities	$ 48,403	$ 193,307	$ 241,710
Lease liabilities	78,115	-	78,115
Care and maintenance trusts' corpus	7,486,899	793,053	8,279,952
Deferred pre-need receipts held in trust	3,396,227	5,091,212	8,487,439
Deferred revenue	1,802,346	1,949,428	3,751,774
	12,811,990	8,027,000	20,838,990
Fair value of consideration transferred:			
Cash consideration	49,332,554	40,775,071	90,107,625
Deferred cash consideration	3,536,152	-	3,536,152
	52,868,706	40,775,071	93,643,777
Total liabilities and considerations	$ 65,680,696	$ 48,802,071	$ 114,482,767

(i) Effective as of April 1, 2021 the Company completed the acquisition of Wichmann Funeral Home & Crematory, Inc., BDB Company LLP and 312 Milwaukee Street, LLC in Appleton, Menasha, Kaukauna and Kimberly, Wisconsin (collectively the "Wichmann Businesses"). The Wichmann Businesses consist of five funeral homes and one cremation business in the Madison area.

(ii) On April 22, 2021 the Company completed the acquisition of the assets of West Funeral Home, Inc., West Monument Company and Cemetery, Inc. and Sky View Memorial Park, Inc., in Asheville and Weaverville, North Carolina (collectively the "West Businesses"). The West Businesses consist of one funeral home, three cemeteries and one monument company.

(iii) On May 1, 2021 the Company completed the acquisition of all of the issued and outstanding membership interests of Cremation Society of Tennessee and Family Care Services, LLC, as well as all of the issued and outstanding stock of Polk Memorial Gardens Corporation and Williams Funeral Home, Inc. with businesses located in Columbia, Mt. Pleasant and Pulaski, Tennessee (collectively the "Williams Businesses"). The Williams Businesses consist of two funeral homes, three cemeteries and one cremation business in Middle Tennessee.

6. BUSINESS COMBINATIONS – continued

Acquisitions completed in fiscal 2021 – continued

(iv) On August 9, 2021, the Company purchased one on-site funeral home/cemetery property and ten stand-alone funeral homes in Mississippi (collectively the "Mississippi Businesses"). The company purchased all the outstanding stock and membership interests of Mississippi. These businesses both complement the company's existing operations in Jackson, as well as represent new expansion into the Gulf Coast market. The purchase price for Mississippi Businesses was $40,775,071 (US$32,451,310).

(v) On September 1, 2021, the Company acquired substantially all of the assets of Williamson Memorial Funeral Home & Cremation Services and Spring Hill Memorial Park, Funeral Home & Cremation Services in Franklin and Spring Hill, Tennessee, (collectively the "Williamson Businesses"). These properties consist of two combination funeral home and cemetery properties.

The collective purchase price for Wichmann, West, Williams and Williamson Businesses was $52,868,706 (US$42,243,991).

The fair value allocations for the above acquisitions are based on preliminary purchase allocations conducted by management. As the acquisitions are within the measurement period under IFRS 10, they continue to be refined. The Company is gathering information to finalize the fair value of inventories, land held for development, property and equipment, intangibles, and deferred revenue.

The above acquisitions include deferred cash consideration which primarily relates to non-compete agreements and other seller notes. In relation to these acquisitions, the Company incurred expenses on legal services, financial and tax due diligence, post closing audits, premiums for representation and warranty insurance, preparation of independent valuation reports to substantiate purchase price allocations, preparation of reports for regulatory compliance purposes, and internal compensation.

For the above acquisitions, goodwill encompasses qualitative factors such as location heritage and workforce synergies.

Acquisitions completed in fiscal 2020

The Company has restated the comparative figures in the consolidated statement of financial position based on the measurement period adjustments related to the purchase price allocations for the acquisitions of J.F. Floyd Mortuary, Crematory, and Cemetery ("J.F. Floyd"), described below. The following table summarize the effects of the change on the line items of the consolidated statement of financial position for the year ended December 31, 2020.

6. BUSINESS COMBINATIONS – continued

Acquisitions completed in fiscal 2020 – continued

	December 31, 2020 *As previously stated*	*Adjustments*	December 31, 2020 *As restated*
Inventories, net of current portion	$ 95,211,242	$ (3,313,959)	$ 91,897,283
Land held for development	26,414,299	210,438	26,624,737
Goodwill and intangibles	422,504,504	2,505,508	425,010,012
Deferred revenue	(176,170,396)	598,013	(175,572,383)
Total	$ 367,959,649	$ -	$ 367,959,649

The following table summarizes the statement of financial position impact on the acquisition date of the Company's business combinations that occurred in the year ended December 31, 2020:

	Final Family Legacy and Harpeth Hills (vi)	Final J.F. Floyd (viii)	Final Other (vii),(ix)	Total
Assets acquired:				
Cash	$ 1,814,726	$ 226,621	$ -	$ 2,041,347
Accounts receivable	1,830,190	1,329,153	-	3,159,343
Pre-need receivables	3,913,730	1,068,350	-	4,982,080
Inventories	7,719,078	5,755,621	57,328	13,532,027
Land held for development	949,857	1,698,597	-	2,648,454
Property and equipment	25,011,093	7,238,852	1,743,995	33,993,940
Care and maintenance trust fund investmen	10,556,556	7,959,370	-	18,515,926
Pre-need merchandise and service trust fund investments	13,338,371	4,549,532	916,939	18,804,842
Deferred commissions	2,006,826	723,930	-	2,730,756
Prepaid expenses and other assets	105,996	614,099	-	720,095
Goodwill	42,159,001	11,512,032	2,133,887	55,804,920
Intangibles	6,478,200	1,814,883	327,220	8,620,303
Total assets	$ 115,883,624	$ 44,491,040	$ 5,179,369	$ 165,554,033
Liabilities assumed:				
Accounts payable and accrued liabilities	$ 2,214,495	$ 277,947	$ -	$ 2,492,442
Note payable	756,675	-	-	756,675
Lease liabilities	183,103	-	1,419,540	1,602,643
Deferred tax liabilities	-	1,190,795	-	1,190,795
Care and maintenance trusts' corpus	10,556,556	7,959,370	-	18,515,926
Deferred pre-need receipts held in trust	13,338,371	4,549,532	916,939	18,804,842
Deferred revenue	19,836,136	5,276,343	-	25,112,479
	46,885,336	19,253,987	2,336,479	68,475,802
Fair value of consideration transferred:				
Cash consideration	40,156,875	24,326,595	2,715,670	67,199,140
Converted promissory note	27,102,791	-	-	27,102,791
Deferred cash consideration	1,178,037	1,325,700	127,220	2,630,957
Working capital adjustment	560,585	(415,242)	-	145,343
	68,998,288	25,237,053	2,842,890	97,078,231
Total liabilities and considerations	$ 115,883,624	$ 44,491,040	$ 5,179,369	$ 165,554,033

6. BUSINESS COMBINATIONS – continued

Acquisitions completed in fiscal 2020 – continued

(vi) On January 31, 2020, the Company completed the acquisition of all the outstanding stock and membership interests of Family Legacy, LLC ("Family Legacy") for a purchase price of $68,998,288 (US$51,976,111), a business with 12 locations operating in Nashville, Tennessee, as well as all of the outstanding membership interests in WG-TN and HHMG ("Harpeth Hills") a large combination business located in Nashville, Tennessee. In connection with the Harpeth Hills acquisition, a promissory note of $27,102,791 (US$20,416,415) was converted to equity interest in Harpeth Hills. The above acquisition expanded PLC's U.S. operations into the high-growth middle Tennessee metropolitan market by adding four combination funeral home and cemetery properties, seven stand-alone funeral homes and two stand-alone cemeteries. The transaction was funded with proceeds from PLC's revolving loan facility (Note 15).

(vii) On October 1, 2020, the Company completed the acquisition of the assets of Bowers Funeral Service Ltd. ("Bowers"), a three-location funeral home business located in Salmon Arm, Golden and Revelstoke, British Columbia for a purchase price of $1,920,545. The Bowers' acquisition was funded with the cash on hand.

(viii) On November 2, 2020, the Company completed the acquisition of all the outstanding stock of J.F. Floyd, a group of businesses located in Spartanburg and Charleston, South Carolina for a purchase price of $25,237,053 (US$19,036,776). The J.F. Floyd acquisition added three combination funeral home and cemetery properties, one stand-alone funeral home, six stand-alone cemeteries and one stand-alone crematory.

(ix) On December 15, 2020, the Company completed the acquisition of the assets of Winscott Funeral Service Corp. ("Winscott"), a business located in Benbrook, Texas. The Winscott acquisition added one funeral home location in the Dallas/Fort Worth region.

The above acquisitions include deferred cash consideration which primarily relates to non-compete agreements and other seller notes. In relation to these acquisitions, the Company incurred expenses on legal services, financial and tax due diligence, post closing audits, premiums for representation and warranty insurance, preparation of independent valuation reports to substantiate purchase price allocations, preparation of reports for regulatory compliance purposes, and internal compensation.

For the above acquisitions, goodwill encompasses qualitative factors such as location heritage and workforce synergies.

7. LAND HELD FOR DEVELOPMENT

Land held for development represents land held for future cemetery, funeral, and other development opportunities.

	January 1, 2021	Acquired in business combinations	Additions	Transferred to inventory	Disposals	Foreign currency translation	September 30, 2021
Cost:							
Land held for development	26,624,737	708,339	2,783,343	(1,080,130)	-	64,724	29,101,013
Total	$ 26,624,737						$ 29,101,013

	January 1, 2020	Acquired in business combinations	Additions	Transferred to inventory	Disposals	Foreign currency translation	December 31, 2020 *(Restated, Measurement Period Adjustment - see Note 6)*
Cost:							
Land held for development	24,452,997	2,648,454	235,448	(214,716)	-	(497,446)	26,624,737
Total	$ 24,452,997						$ 26,624,737

8. PROPERTY AND EQUIPMENT

	January 1, 2021	Acquired in business combinations	Additions	Disposals	Foreign currency translation	September 30, 2021
Cost:						
Land	$ 59,669,959	6,812,288	177,584	(1,835,374)	162,737	$ 64,987,194
Buildings, cemetery and funeral	147,177,921	23,388,793	10,653,027	(6,963,481)	556,335	174,812,595
Machinery, equipment and automotive	25,019,932	5,008,204	4,022,130	(1,469,993)	149,639	32,729,912
Cemetery improvements	17,208,805	709,207	891,954	-	36,810	18,846,776
Right-of-use asset	10,556,446	78,115	316,448	(737,545)	(2,600)	10,210,864
Total	259,633,063	35,996,607	16,061,143	(11,006,393)	902,921	301,587,341
Accumulated depreciation:						
Buildings, cemetery and funeral	13,913,121	-	4,507,731	(1,252,924)	84,201	17,252,129
Machinery, equipment and automotive	10,912,426	-	2,913,328	(716,440)	51,600	13,160,914
Cemetery improvements	4,066,661	-	389,678	-	9,816	4,466,155
Right-of-use asset	3,539,718	-	1,572,614	(727,126)	6,205	4,391,411
Total	32,431,926	-	9,383,351	(2,696,490)	151,822	39,270,609
Net book value	$ 227,201,137					$ 262,316,732

8. PROPERTY AND EQUIPMENT - continued

	January 1, 2020	Acquired in business combinations	Additions	Disposals	Foreign currency translation	December 31, 2020
Cost:						
Land	$ 52,698,436	8,057,925	279,240	(101,911)	(1,263,731)	$ 59,669,959
Buildings, cemetery and funeral	120,933,778	18,210,258	11,498,415	(498,132)	(2,966,398)	147,177,921
Machinery, equipment and automotive	21,199,779	1,659,300	2,987,559	(320,210)	(506,496)	25,019,932
Cemetery improvements	11,301,600	4,468,471	1,846,565	-	(407,831)	17,208,805
Right-of-use asset	8,222,081	1,597,986	1,155,936	(305,842)	(113,715)	10,556,446
Total	214,355,674	33,993,940	17,767,715	(1,226,095)	(5,258,171)	259,633,063
Accumulated depreciation:						
Buildings, cemetery and funeral	7,991,384	-	6,398,064	(116,101)	(360,226)	13,913,121
Machinery, equipment and automotive	7,110,147	-	4,151,264	(68,869)	(280,116)	10,912,426
Cemetery improvements	3,453,310	-	685,756		(72,405)	4,066,661
Right-of-use asset	1,740,955	-	2,091,157	(230,700)	(61,694)	3,539,718
Total	20,295,796	-	13,326,241	(415,670)	(774,441)	32,431,926
Net book value	$ 194,059,878					$ 227,201,137

Property and equipment depreciation expense amounted to $9,383,351 and $9,854,308 for the nine months period ended September 30, 2021 and 2020, respectively. Property and equipment depreciation expense amounted to $3,173,437 and $3,387,728 for the three months period ended September 30, 2021 and 2020, respectively. Depreciation expense is included in general and administrative expenses on the unaudited condensed interim consolidated statements of earnings.

Included in additions at September 30, 2021 are $7,325,584 of additions at Canadian cemeteries and funeral sites (at December 31, 2020 - $6,669,749) and $8,735,559 of additions at U.S. cemeteries and funeral sites (at December 31, 2020 - $11,097,966).

The disposal of $6,598,789 relates to the sale of Parkland Funeral Holdings Ltd ("Parkland"), a non-strategic business (see Note 25).

During the nine months period ended September 30, 2021, the Company sold property for a sale price of $1,716,911 realizing a net gain of $4,984.

During the nine months period ended September 30, 2020, the Company sold property for a sale price of $756,809 realizing a net gain of $13,408.

The gains and losses described above on the sale of property and equipment are included in other income (expenses).

Management has reviewed the valuation of the property and equipment and has not identified any indicators of impairment in the value of the property and equipment.

9. CARE AND MAINTENANCE TRUST FUND INVESTMENTS

The Company's care and maintenance trust funds were established, as required by provincial and state regulations, to receive principal contributions from the Company upon the sale of cemetery lots, mausoleum crypts and niches.

Pursuant to the requirements of provincial and state regulations, the Company is required to deposit a portion of the proceeds received in respect of the sale of cemetery lots, mausoleum crypts and niches into trust. Such amounts are treated as a cost of sale at the time of the sale.

The principal of these trusts is recorded in the unaudited condensed interim consolidated statements of financial position and represents these contributions to the trusts. The corpus generally remains in perpetuity and the income may be paid to the Company to be used exclusively for eligible care and maintenance of the cemeteries and crematoriums as defined by provincial and state regulations. In the United States, many states require capital gains and losses to be held in perpetuity in these trusts, however, certain states allow net capital gains and losses to be included in the income that is paid to the Company. Additionally, some states allow a total return distribution to the Company which may contain income, net capital appreciation, and principal.

Investment income recognized in operations amounted to $8,304,989 and $7,670,850 for the nine months period ended September 30, 2021, and 2020, respectively. Investment income recognized in operations amounted to $2,608,987 and $2,624,919 for the three months period ended September 30, 2021 and 2020, respectively.

Care and maintenance trust fund investments consist of the following:

	Fair Value		Cost	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Cash and cash equivalents	$ 20,656,040	$ 9,015,412	$ 19,317,031	$ 9,015,429
Fixed Income				
Canadian				
Corporate	9,905,891	13,428,138	10,528,140	10,508,290
Government	226,103	239,812	174,665	174,665
US				
Corporate	4,541,878	65,423,372	4,461,265	67,263,236
Government	-	-	-	-
Equities				
Canadian	61,852,531	51,234,037	48,120,564	42,929,577
US	22,753,253	35,821,065	18,890,789	32,802,514
Canadian Preferred	4,238,839	2,704,463	3,466,708	2,813,131
US Preferred	3,689,056	-	3,736,197	-
Mutual Funds/ETFs				
Equity	36,562,279	18,816,599	36,548,166	16,993,088
Fixed Income	58,179,364	11,385,245	57,591,050	11,339,095
Preferred	29,815,538	16,251,948	29,965,953	15,835,303
Alternative	24,562,642	21,681,390	20,573,138	18,403,284
	$ 276,983,414	$ 246,001,481	$ 253,373,666	$ 228,077,612

10. PRE-NEED MERCHANDISE AND SERVICE TRUST FUND INVESTMENTS

Pre-need merchandise and service trust funds were established as required by provincial and state regulations to hold funds paid in advance of need, to purchase when required at-need supplies and services such as funeral services, merchandise, grave and crypt openings. When the services are performed, the Company withdraws the money held in the trust funds to pay for the supplies and services.

Pre-need merchandise and service trust fund investments consist of the following:

	Fair value		Cost	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Cash and cash equivalents	$ 28,570,165	$ 8,852,595	$ 28,570,165	$ 8,852,595
GIC's	29,631,164	29,859,660	29,631,164	29,859,660
Fixed Income				
Canadian				
Corporate	25,706	595,082	24,879	604,138
Government	23,143	23,674	23,352	23,352
US				
Corporate	10,398,559	66,746,827	10,407,425	55,017,818
Government	933,000	-	882,981	-
Equities				
Canadian	235,828	1,433,234	166,787	1,511,813
US	13,510,525	32,111,836	12,641,403	27,716,829
Canadian Preferred	-	-	-	-
US Preferred	3,012,733	6,345,448	3,048,792	6,195,069
Mutual Funds/ETFs				
Equity	122,181,682	57,794,968	125,439,695	52,856,057
Fixed Income	66,673,317	49,900,253	66,608,765	48,984,101
Preferred	-	-	-	-
Alternative	33,108,057	39,385,007	27,685,759	32,529,371
	$ 308,303,878	$ 293,048,584	$ 305,131,166	$ 264,150,803

11. PREARRANGED FUNERAL INSURANCE CONTRACTS

In addition to trust funded prearranged funeral services contracts, the Company also has prearranged funeral services contracts which are funded by insurance. As of September 30, 2021, the current face amount of pre-funded policies was $495,742,823 (at December 31, 2020 – $368,903,733). Families who have prearranged with the Company will receive a refund to the extent that the face amount of the policy exceeds the current retail value of the merchandise and services to be provided. The insurance funded contracts are not included in the unaudited condensed interim consolidated financial statements as the Company is not the beneficiary of the policy. Amounts funded through insurance are available to the Company when the funeral services are performed.

12. GOODWILL AND INTANGIBLES

The changes in the carrying amount of goodwill and intangible assets at September 30, 2021 were:

	January 1, 2021	Acquired in business combinations	Additions	Disposals	Foreign currency translation	September 30, 2021
Cost:						
Goodwill	$ 395,344,495	53,019,100	-	(2,295,458)	1,043,728	$ 447,111,865
Non-compete agreements	12,597,984	2,015,776	-	-	9,672	14,623,432
Brand	20,974,607	2,252,945	-	-	70,270	23,297,822
Computer software	1,663,925	-	620,396	-	12,480	2,296,801
Total	430,581,011	57,287,821	620,396	(2,295,458)	1,136,150	487,329,920
Accumulated amortization:						
Non-compete agreements	5,570,999	-	1,379,051	-	-	6,950,050
Computer software	-	-		-	-	-
Total	5,570,999	-	1,379,051	-	-	6,950,050
Net book value	$ 425,010,012					$ 480,379,870

	January 1, 2020	Acquired in business combinations	Additions	Disposals	Foreign currency translation	December 31, 2020 *(Restated, Measurement Period Adjustment - See Note 6)*
Cost:						
Goodwill	$ 353,316,157	55,804,920	-	-	(13,776,582)	$ 395,344,495
Non-compete agreements	10,441,200	2,260,628	-	-	(103,844)	12,597,984
Brand	15,168,684	6,359,675	-	-	(553,752)	20,974,607
Computer software	969,705	-	751,600	-	(57,380)	1,663,925
Total	379,895,746	64,425,223	751,600	-	(14,491,558)	430,581,011
Accumulated amortization:						
Non-compete agreements	3,122,968	-	2,448,031	-	-	5,570,999
Computer software	-	-	-	-	-	-
Total	3,122,968	-	2,448,031	-	-	5,570,999
Net book value	$ 376,772,778					$ 425,010,012

The disposal of $2,295,458 relates to the sale of Parkland, a non-strategic business (see Note 25).

13. DEFERRED COMMISSIONS

	September 30, 2021	December 31, 2020
Deferred commissions		
Opening balance:	$ 32,814,234	$ 28,191,067
Acquired in business combinations	390,138	2,730,756
Additions	8,314,774	7,490,472
Amortization	(6,652,491)	(4,675,670)
Foreign currency translation	103,440	(922,391)
Closing balance:	$ 34,970,095	$ 32,814,234

14. PREPAID EXPENSES AND OTHER ASSETS

	September 30, 2021	December 31, 2020
Promissory note	$ 1,789,683	$ 6,694,170
Prepaid expenses and other	7,289,649	5,277,775
Total current other assets	$ 9,079,332	$ 11,971,945

	September 30, 2021	December 31, 2020
Secured convertible debt investment	$ 6,468,999	$ 6,399,249
Prepaid expenses and other	1,340,273	1,698,464
Total non-current other assets	$ 7,809,272	$ 8,097,713

i) Current other assets

Included in current other assets at December 31, 2020 was a promissory note of $6,500,000 to Serenity Valley Mausoleum Inc. ("Serenity Mausoleum") and Serenity Valley P. Lawn Management Inc. ("Serenity Management") which was measured at amortized cost. The promissory note was repaid in the first quarter of 2021. Included in current other assets at September 30, 2021 is a promissory note receivable of $1,785,147 related to sale of Parkland (see Note 25). The note bears interest at a rate of 5% per annum and matures on December 18, 2021.

ii) Non-current other assets

Included in non-current other assets is a $6,300,000 (at December 31, 2020 - $6,300,000) secured debt investment in Humphrey Funeral Home A. W. Miles – Newbigging Chapel Limited ("Humphrey") which is measured at fair value. The debenture bears interest at 5% and is convertible into equity of Humphrey on maturity, on November 9, 2023 at the option of the Company. The debenture is due on demand after a period of five years. The fair value of the secured debt investment approximates the book value.

14. PREPAID EXPENSES AND OTHER ASSETS - continued

ii) Non-current other assets - continued

In the nine months period ended September 30, 2020, the Company sold other assets resulting in a loss of $57,624.

During the nine month period ended September 30, 2021, the Company recognized an impairment on other assets of $306,667 (see Note 25).

15. LONG-TERM DEBT

	September 30, 2021	December 31, 2020
Revolving loan facility	$ 86,354,711	$ 144,064,440
Mortgages	-	1,020,781
Other debt	396,162	646,508
Deferred financing costs	(2,017,824)	(2,031,321)
Total	84,733,049	143,700,408
Current portion	231,375	353,389
Non-current portion	$ 84,501,674	$ 143,347,019

Revolving loan facility

On August 31, 2021, the Company amended its existing syndicated bank financing arrangement to increase its Credit Facility by $50,000,000 to $300,000,000. The amended Credit Facility has a term of five years with a maturity date of August 31, 2026. The revolving facility bears variable interest at the banker's acceptance rate plus an applicable margin based on a leverage ratio calculation. As part of the amendment the interest spread of the variable interest rate was reduced. As a part of the August 31, 2021 amendment, the leverage ratio was increased to 3.75% for the 5 year term.

At September 30, 2021, there was $86,354,711 outstanding under the Credit Facility including $67,654,711 (US$53,100,000) borrowed under the Credit Facility (at December 31, 2020 - $144,064,440 including $2,164,440 (US$1,800,000) borrowed under the Credit Facility). Deferred financing costs have been capitalized and are being amortized over the term of the Credit Facility. For the nine months period ended September 30, 2021 and 2020, the amortization of deferred financing costs was $627,501 and $465,586, respectively and for the three months period ended September 30, 2021 and 2020, the amortization of

15. LONG-TERM DEBT – continued

Revolving loan facility - continued

deferred financing costs was $243,610 and $225,038, respectively. At September 30, 2021, standby letters of credit issued utilizing $764,023 of the credit line (at December 31, 2020 - $764,023).

Other debt

Other debt relates to equipment and is secured by the vehicles. This debt has interest rates ranging from 3% to 9% and remaining terms of 1 to 5 years.

Debt covenants

The Company was in compliance with all of its debt covenants in 2021 and 2020.

16. NOTES PAYABLE

	September 30, 2021	December 31, 2020
Notes payable	$ 14,566,233	$ 10,660,784
Current portion	4,812,430	2,697,019
Non-current portion	$ 9,753,803	$ 7,963,765

Notes payable

i) The Company has an outstanding note payable of $1,364,657 (at December 31, 2020 - $1,355,804) to the former owner of real estate acquired by a cemetery. The note calls for yearly payments of $50,000 at 0% interest until the note matures in 2113. Payments of principal are allowed to be deferred until the cemetery achieves positive cash flow. The note was discounted upon recognition to reflect an imputed interest rate of 5%. The note is nonrecourse and is subject to a development agreement that can be terminated by either party after May 9, 2023. The loan can be prepaid at any time without penalty.

ii) The Company has outstanding notes payable of $13,201,576 (at December 31, 2020 - $9,305,070) to former owners of previously acquired businesses, primarily non-compete agreements, and notes related to the financing of the general business insurance policies. These notes payable have interest rates ranging from 2% to 6% and remaining terms of 1 to 10 years.

17. LEASE LIABILITIES

Lease liabilities relate to office space, machinery, and equipment.

	September 30, 2021	December 31, 2020
Future minimum lease payments		
Due in less than one year	$ 1,717,146	$ 2,277,776
Due between one and two years	1,293,376	1,430,314
Due between two and three years	1,053,855	1,128,935
Due thereafter	3,151,126	3,741,628
Interest	(1,066,289)	(1,287,265)
Present value of minimum lease payments	6,149,214	7,291,388
Current portion	1,538,976	2,154,722
Non-current portion	$ 4,610,238	$ 5,136,666

Lease liabilities interest expense charged to operations amounted to $255,401 and $217,411 for the nine months period ended September 30, 2021 and 2020, respectively and $92,825 and $67,294 for the three months period ended September 30, 2021 and 2020, respectively.

18. SENIOR UNSECURED DEBENTURES

On July 14, 2020, the Company completed a bought deal offering of Senior Unsecured Debentures ("Debentures") due December 31, 2025. A total of $75,000,000 aggregate principal amount of Debentures were issued at a price of $1,000 per Debenture. PLC also granted the underwriters an option to purchase up to an additional $11,250,000 aggregate principal amount of Debentures, on the same terms and conditions. This option was exercised in full following the closing of the offering for total gross proceeds of $86,250,000. The issuance included transaction costs of $4,615,199 inclusive of $250,000 in management compensation. The net proceeds from the offering were used to pay down the Credit Facility to free up capacity to fund potential future acquisition opportunities and for general corporate purposes.

The Debentures bear interest at a rate of 5.75% per annum, payable semi-annually in arrears on September 30 and December 31 of each year commencing on December 31, 2020 and will mature on December 31, 2025.

The Debentures are measured at amortized cost using the effective interest method over the life of the Debenture.

18. SENIOR UNSECURED DEBENTURES – continued

The balance of the Debentures as at September 30, 2021 consists of the following:

		September 30, 2021
Face value upon issuance	$	86,250,000
Debt issuance costs		(4,615,199)
Fair value upon issuance		81,634,801
Accretion expense for 2020		329,746
Balance at December 31, 2020		81,964,547
Accretion expense for the period		550,899
Balance at September 30, 2021	$	82,515,446

The Debentures may not be redeemed by the Company prior to December 31, 2023 (the "First Call Date").

On or after the First Call Date and prior to December 31, 2024, the Debentures may be redeemed by the Company, in whole or in part from time to time, on not more than 60 days and not less than 30 days prior notice at a redemption price equal to 102.875% of the principal amount of the Debentures redeemed plus accrued and unpaid interest, if any, up to but excluding the date set for redemption.

On or after December 31, 2024 and prior to December 31, 2025 (the "Maturity Date"), the Debentures may be redeemed by the Company, in whole or in part from time to time, on not more than 60 days and not less than 30 days prior notice at a redemption price equal to the principal amount of the Debentures redeemed plus accrued and unpaid interest, if any, up to but excluding the date set for redemption.

Interest expense on the Debentures amounted to $3,739,866 and $1,073,399 for the nine months period ended September 30, 2021 and 2020, respectively and $1,260,209 and $1,073,399 for the three months period ended September 30, 2021 and 2020, respectively. Accretion expense amounted to $550,899 and $111,096 for the nine months period ended September 30, 2021 and 2020, respectively and $188,807 and $111,096 for the three months period ended September 30, 2021 and 2020, respectively.

The Company has the right, at its sole discretion, to redeem or repay outstanding principal amounts thereunder at redemption or maturity of the Debentures by issuing common shares of the Company (the "Common Shares") rather than the payment of cash. The Common Shares will be valued at the 20-day volume weighted average price ("VWAP"), less a 5% discount. If such option is exercised by the Company, holders of Debentures will become holders of equity securities of PLC and will, consequently, be subject to the general risks and uncertainties affecting equity shareholders, including the ability to claim an entitlement only in its capacity as a shareholder.

19. DEFERRED REVENUE

Deferred revenue represents the amount of unperformed pre-arranged cemetery and funeral contracts. The components of deferred revenue consist of the following:

	September 30, 2021	December 31, 2020 *(Restated, Measurement Period Adjustment - see Note 6)*
Cemetery and funeral merchandise, lots, crypts, and niches	$ 104,913,098	$ 96,652,577
Cemetery and funeral services	87,710,295	78,919,806
Total	$ 192,623,393	$ 175,572,383

20. DIVIDENDS

The Company declares and pays cash dividends on a monthly basis to shareholders. The total amount of dividends declared by the Company for the nine months period ended September 30, 2021 and 2020 were $10,313,053 or $0.342 per share and $10,079,903 or $0.342 per share, respectively. The total amount of dividends declared by the Company for the three months period ended September 30, 2021 and 2020 were $3,547,979 or $0.114 per share and $3,364,999 or $0.114 per share per share, respectively. The monthly dividend was $0.038 per share in all periods.

21. SHARE CAPITAL

Authorized

Common shares

The Company is authorized to issue an unlimited number of Common Shares. All Common Shares issued are fully paid. The holders of Common Shares are entitled to share equally in dividends, returns of capital and to vote at shareholders' meetings.

Shares issued and outstanding

	Number of Common Shares	Amount
Balance January 1, 2020	29,354,844	$ 502,047,830
Shares issued pursuant to:		
Dividend reinvestment plan (i)	84,377	2,105,158
Equity incentive plan (Note 22)	125,305	1,407,322
Balance December 31, 2020	29,564,526	$ 505,560,310
Shares issued pursuant to:		
Dividend reinvestment plan (i)	66,519	2,140,973
Equity incentive plan (Note 22)	188,547	4,319,353
Prospectus financing, net of costs (ii)	4,081,000	143,218,753
Balance September 30, 2021	33,900,592	$ 655,239,389

21. SHARE CAPITAL – continued

(i) Dividend reinvestment plan

On October 13, 2015, the Company announced the implementation of a dividend reinvestment plan (“DRIP”). The DRIP allows eligible shareholders of PLC to reinvest their cash dividends into additional Common Shares, which will be issued from treasury or purchased on the open market on the applicable dividend payment date. If Common Shares are issued from treasury, the price at which such Common Shares are issued will be the volume weighted trading price of the Company’s Common Shares over the five business days immediately preceding such dividend payment date less a discount, if any, of up to 5%, at the Company’s election. The Company has determined to set the initial discount for purchases under the DRIP at 3%. The Company may, subject to the terms of the DRIP, alter or eliminate any discount at any time. For the nine month period ended September 30, 2021, 66,519 Common Shares were issued under the DRIP (for the year ended December 31, 2020 – 84,377).

(ii) Prospectus financings

On September 3, 2021, the Company completed a bought deal financing, issuing an aggregate of 4,081,000 Common Shares at a price of $36.40 per Common Share for total of gross proceeds of $148,548,400, including the exercise in full of the over-allotment option (the “2021 Financing”). The 2021 Financing included transaction costs of $5,329,647 inclusive of $367,500 in after tax management compensation. The Company recognized a deferred tax asset of $1,921,573 from the transaction costs.

22. EQUITY INCENTIVE PLAN

At the annual and special meeting of shareholders held on May 31, 2016, the shareholders of the Company approved an equity incentive plan, as was subsequently amended and restated in May 2019 (the “EIP”). The purpose of the EIP is to, among other things: (i) provide the Company with a mechanism to attract, retain and motivate qualified directors, officers and employees of the Company, including its subsidiaries, (ii) reward directors, officers and employees that have been granted awards under the EIP for their contributions toward the long-term goals and success of the Company, and (iii) enable and encourage such directors, officers and employees to acquire Common Shares as long-term investments and proprietary interests in the Company.

On June 22, 2020, the shareholders of the Company approved a second amended and restated omnibus EIP. The amended EIP provides flexibility to the Company to grant equity-based incentive awards in the form of deferred share units ("DSUs"), restricted share units ("RSUs"), performance share units ("PSUs"), and options to acquire Common Shares (“Options”). The number of Common Shares that may be issued upon the settlement of awards granted under the EIP may not exceed 2,400,000 Common Shares of the Company.

22. EQUITY INCENTIVE PLAN - continued

The Board plans to credit all DSUs, RSUs and PSUs with dividend equivalents in the form of additional DSUs, RSUs and PSUs, as applicable. Dividend equivalents vest in proportion to, and settle in the same manner as, the awards to which they relate.

Deferred share units

With the exception of the Chair of the Board, all directors of the Company are required to receive at least 50% of their annual Board retainers in equity, although they may elect to receive a greater percentage pursuant to the terms of the EIP. Directors will receive such equity in the form of DSUs. Provided, however, in lieu of DSUs, a director may elect to receive the equity portion of their retainer in cash which then must be used to purchase an equivalent amount of equity on the open market. As it pertains to the Chair of the Board, the Chair is required to receive at least 35% of his annual board retainer in the form of equity, although he may elect to receive a greater percentage pursuant to the terms of the EIP. The Chair will receive such equity in the form of DSUs. Provided, however, in lieu of DSUs, the Chair may elect to receive the equity portion of his retainer in cash which then must be used to purchase an equivalent amount of equity on the open market.

A DSU is a unit equivalent in value to a Common Share credited by means of a bookkeeping entry in the books of the Company. The number of DSUs granted is determined by the five-day volume weighted average trading price (the “Market Price”), but their value is tied to the then trading price of PLC’s Common Shares. Upon settlement (typically on termination of service), holders will receive, in respect of each vested DSU, one fully paid and non-assessable Common Share or cash. At this time, the Board plans to settle DSUs for shares. Subject to the terms of an award agreement, DSUs will vest immediately at the date of grant. DSUs will be granted to directors every three months for services rendered. The DSU costs are expensed to share based incentive compensation as granted. The fair value of the DSU is determined based on the fair value of the Common Shares on the date of issuance.

Under the EIP, the following DSUs were granted by the Company and are outstanding. Each dividend equivalent represents one Common Share.

	September 30, 2021	December 31, 2020
Outstanding, beginning of the period	38,068	36,860
Awarded	14,095	10,514
Redemptions	(5,013)	(9,982)
Dividend equivalents	460	676
Outstanding, end of the period	47,610	38,068

Restricted share units

A RSU is a unit equivalent in value to a Common Share credited by means of a bookkeeping entry in the books of the Company which entitles the holder to receive one Common Share for each RSU after a specified vesting period determined by the Plan Administrator (as defined in the EIP), in its sole discretion.

22. EQUITY INCENTIVE PLAN – continued

Restricted share units - continued

RSUs vest according to the terms of the applicable award agreement. All RSUs awarded to date vest within three years of their grant date.

Upon settlement, holders will receive, in respect of each vested RSU, either: (i) one fully paid and non-assessable Common Share, or (ii) subject to the approval of the Plan Administrator, a cash payment determined with reference to the Market Price in the same manner as with DSUs. At this time, the Board plans to settle RSUs for shares.

Under the EIP, the following RSUs were granted by the Company and are outstanding. Each dividend equivalent represents one Common Share. As at September 30, 2021, 125,590 of the awarded and outstanding RSUs have vested.

The RSU costs are expensed to share based incentive compensation when the RSUs vest. The fair value of the RSU is determined based on the fair value of the shares on the date of issuance. The weighted average issuance price for the nine months period ended September 30, 2021 was $32.60 (for the twelve month period ended December 31, 2020 - $28.42).

	September 30, 2021	December 31, 2020
Outstanding, beginning of the period	260,840	246,200
Awarded	58,291	115,888
Forfeited	(3,382)	(6,148)
Redemptions	(175,201)	(99,641)
Dividend equivalents	2,098	4,541
Outstanding, end of the period	142,646	260,840

Performance Share Units

A PSU is a unit equivalent in value to a Common Share credited by means of a bookkeeping entry in the books of the Company. PSUs vest according to the terms of the applicable award agreement. The PSUs listed below will cliff vest on March 31, 2022. The actual number of share units earned with respect to the three year performance period is subject to a multiplier (of between 0 and 1.5 times) and based on the average "bonus score" (which itself is determined with reference to the Board-approved annual bonus score card) obtained over a three-year performance period. The PSU costs are expensed to share based incentive compensation when the PSUs vest. The fair value of the PSU is determined based on the fair value of the Common Shares on the date of issuance multiplied by the bonus score.

Under the EIP, the following PSUs were granted by the Company and are outstanding. Each dividend equivalent represents one Common Share. None of the awarded and outstanding PSUs have vested.

22. EQUITY INCENTIVE PLAN – continued

Performance Share Units - continued

	September 30, 2021	December 31, 2020
Outstanding, beginning of the period	24,537	61,266
Awarded	86,632	-
Forfeited	-	(21,674)
Redemptions	-	(15,684)
Dividend equivalents	724	629
Outstanding, end of the period	111,893	24,537

Options

On May 21, 2020, 390,000 Options were granted. The trading price of the Company's Common Shares at the time of the grant was $22.26. The fair market value of Options was determined using the Black-Scholes valuation model with the following implicit assumptions: average risk-free rate of interest of 0.35%, dividend rate of 2.05%, volatility of 28.03%, forfeiture rate of 0% and an expected life of 5 years.

Performance Options

On October 5, 2020, 80,000 Options were granted. The trading price of the Common Shares at the time of the grant was $27.94. The fair market value of the Options was determined using the Black-Scholes valuation model with the following implicit assumptions: average risk-free rate of interest of 0.26%, dividend rate of 1.63%, volatility of 28.23%, forfeiture rate of 0% and an expected life of 4 years. In addition, due to non-vesting conditions the Options were discounted using a Finnerty model, which assumed an estimated term of 7 years and a risk-free rate of 0.26%. The Options were then adjusted for non-vesting performance conditions with a weighted average expectancy of 38%.

Grant Date	Expiry Date	Exercise Price	1-Jan-20	Granted	Exercised	Expired	Forfeited	31/09/2021	Vested	Unvested
May 30, 2019	June 30, 2023	$ 25.43	1,058,000	-	-	-	(378,000)	680,000	-	680,000
July 15, 2019	June 30, 2023	$ 28.37	320,000	-	-	-	-	320,000	-	320,000
May 21, 2020	May 21, 2025	$ 20.98	-	390,000	(8,333)	-	-	381,667	-	381,667
October 5, 2020	October 30, 2024	$ 27.70	-	80,000	-	-	-	80,000	-	80,000
			1,378,000	470,000	(8,333)	-	(378,000)	1,461,667	-	1,461,667
	Weighted Average Exercise Price		$ 26.11	$ 22.12	$ 20.98	$ -	$ 25.43	$ 25.04	$ -	$ 25.04

The compensation expense in respect of EIP amounted to $3,432,453 and $3,768,325 for the nine months period ended September 30, 2021 and 2020, respectively, and $1,143,149 and $1,165,547 for the three months period ended September 30, 2021 and 2020, respectively. Included in the compensation expense is $118,279 and $144,431 for the nine months period ended September 30, 2021 and 2020, respectively, of legal and administrative fees related to the issuance of EIP and $88,173 and $2,840 for the three months period ended September 30, 2021 and 2020, respectively. The counterpart has been reflected in contributed surplus. Management plans to settle all DSUs, RSUs, PSUs and Options by issuing Common Shares. When the DSUs, RSUs, PSUs and Options are settled for Common Shares, the amounts previously credited to contributed surplus are transferred to share capital.

23. NET SALES

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Sales	$ 91,230,755	$ 78,933,038	$ 266,689,805	$ 228,315,552
Contributions to care and maintenance trust funds	(3,131,343)	(2,939,555)	(9,652,095)	(7,815,602)
Net sales	$ 88,099,412	$ 75,993,483	$ 257,037,710	$ 220,499,950

The Company has made an accounting presentation change to present the contributions to care and maintenance trust funds as a separate line below sales in the unaudited condensed interim consolidated statements of earnings. A line item called "Net sales" had been added.

The Company has reclassified the contributions to care and maintenance previously presented as cost of sales in the December 31, 2020 audited consolidated financial statements to net sales. The reclassification is a presentation change within gross profit on the unaudited condensed interim statement of earnings and has no impact on consolidated shareholders' equity, consolidated net earnings or the consolidated cash flows. The Company has made this accounting presentation change as to better reflect the economics of sale transactions, to provide comparability among peers and to provide transparency on the impact of the accounting for contributions to care and maintenance trust funds.

24. FINANCE COSTS

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Finance costs:				
Interest on revolving loan facility (Note 15)	$ 527,085	$ 1,119,643	$ 2,201,581	$ 4,993,706
Interest on senior unsecured debentures (Note 18)	1,260,209	1,073,399	3,739,866	1,073,399
Interest on mortgages and other debt (Note 15)	141,518	167,662	426,560	460,912
Interest on lease liabilities (Note 17)	92,825	67,294	255,401	217,411
Amortization of deferred financing costs (Note 15)	243,610	225,038	627,501	465,586
Accretion expense on senior unsecured debentures (Note 18)	188,807	111,096	550,899	111,096
Interest capitalized to construction	(108,679)	(43,982)	(204,509)	(78,348)
Unrealized foreign exchange on finance costs	(18,950)	-	(126,717)	-
Total	$ 2,326,425	$ 2,720,149	$ 7,470,583	$ 7,243,761

25. OTHER INCOME (EXPENSES)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Special Committee (i)	$ -	$ -	$ -	$ (1,147,421)
Restructuring costs (ii)	-	-	-	(952,593)
Agreement (iii)	-	-	-	(1,720,734)
Legal costs (iv)	(73,677)	(491,547)	(128,898)	(491,547)
CEWS (v)	-	-	-	1,028,872
Loss on sale of non-strategic business (vi)	-	-	(847,462)	-
Impairment on other assets (Note 14)	(306,667)	-	(306,667)	-
Gain (Loss) on sale of property and equipment and other assets (Note 8 and 14)	(12,821)	-	4,984	(44,217)
	$ (393,165)	$ (491,547)	$ (1,278,043)	$ (3,327,640)

(i) Special Committee costs were $1,147,422 for the nine month period ended September 30, 2020, relating to the Special Committee's strategic review work, corporate governance matters and executive management transition preparedness as previously referred to, including Board fees, legal, CEO search fees and other professional fees. The Special Committee of the Board was dissolved on May 12, 2020.

(ii) Restructuring costs were $952,593 for the nine month period ended September 30, 2020.

(iii) Agreement is comprised of costs relating to the transition of Mr. Clark, former CEO of the Company in the first quarter of 2020 of $1,720,734 (notwithstanding the terms of Mr. Clark's employment agreement) consisting of:

- forgiveness of a $1,648,439 loan and accrued interest of $16,665, provided by the Company to the Nine Two Seven Limited;
- the forfeiture of 21,674 PSUs and immediate vesting of 10,632 PSUs which resulted in other expense of $74,382;
- the forfeiture of 378,000 Options which resulted in other income of $334,811;
- the payment of $93,000 in legal expenses incurred by Mr. Clark in connection with his departure and other consideration valued in the amount of $223,059.

On May 10, 2020, the Company and Mr. Clark entered into an agreement resulting in the Company having no further financial obligations to Mr. Clark. On May 12, 2020, Mr. Clark resigned from the Board.

(iv) Legal costs were $73,677 and $491,547 for the three months period ended September 30, 2021 and 2020 and $128,898 and $491,547 for the nine months period ended September 30, 2021 and 2020, respectively. Legal costs related to the defense of intellectual property created by the Company and the preservation and recovery of investments made or authorized by Mr. Clark.

25. OTHER INCOME (EXPENSES) - continued

(v) In the second quarter of 2020, the Company received $1,028,872 of wage subsidies under the CEWS program. During the second quarter of fiscal 2020, the Government of Canada announced the CEWS program for Canadian employers whose businesses were affected by the COVID-19 pandemic. The CEWS program provides a wage subsidy of up to 75% on eligible renumeration, subject to certain criteria including demonstration of revenue declines as a result of COVID-19.

(vi) On June 18, 2021, the Company completed the sale of all its outstanding shares of Parkland which represented a 50% ownership of Parkland. On closing, the Company received $3,714,853 and a promissory note receivable of $1,785,147. The note bears interest at a rate of 5% per annum and matures on December 18, 2021. The transaction resulted in a net loss of $847,462. The sale of Parkland did not represent a strategic shift in the Company's business and did not have a major effect on its operation and financial results.

26. RELATED PARTY TRANSACTIONS AND BALANCES

Employee share loan plan

At the annual and special meeting of shareholders held on June 18, 2013, the shareholders of the Company approved an employee share loan plan - the "ESLP".

Amounts issued under the ESLP were as follows:

- On October 7, 2013, the Company loaned $1,575,000 to Nine Two Seven Limited, to acquire 210,000 Common Shares of the Company. Nine Two Seven Limited is owned by a former director and officer of the Company. The loan bore interest at a rate of 3.2% per annum payable upon maturity on August 27, 2023;

- On January 7, 2015, the Company loaned $746,200 to Nine Two Seven Limited to acquire 65,000 Common Shares of the Company. The loan bore interest at a rate of 3.2% per annum payable upon maturity on January 7, 2025.

The two loans described above were forgiven in the amount of $1,665,104 on February 17, 2020 (see Note 25).

On January 7, 2015, under the ESLP the Company loaned $1,258,750 to Leeder Holdings Inc. to acquire 125,000 Common Shares of the Company. Leeder Holding Inc. is owned by a former officer and director of the Company. The loan bore interest at a rate of 3.2% per annum payable upon maturity on January 7, 2025. The Company has agreed to forgive a $1,035,750 loan provided by the Company to Leeder Holdings Inc. and agreed to the accelerated vesting of 4,878 PSUs and 4,878 RSUs on December 31, 2020.

26. RELATED PARTY TRANSACTIONS AND BALANCES – continued

Key management compensation

Key management includes the members of the Board, the Chief Executive Officer, the Chief Financial Officer and the President and Chief Operating Officer. The compensation paid or payable to key management is shown below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Directors' fees and management compensation	$ 1,366,080	$ 1,406,288	$ 4,904,361	$ 4,436,874

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Agreement (Note 25 iii)	$ -	$ -	$ -	$ 1,720,734

Directors' fees and management compensation included in share-based incentive were $1,655,613 and $1,745,102 for the nine months period ended September 30, 2021 and 2020 respectively, and $426,026 and $681,432 for the three months period ended September 30, 2021 and 2020 respectively. At September 30, 2021, included in accounts payable and accrued liabilities are directors' fees and management compensation of $1,705,017 (at December 31, 2020 - $1,525,650).

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Fair value of financial instruments

Cash, accounts receivable, pre-need receivables, accounts payables and accrued liabilities, dividends payable, long-term debt and notes payable are financial instruments whose fair values approximate their carrying values due to their short-term maturity, variable interest rates or current market rates for instruments with fixed rates.

The fair value hierarchy under which the Company's financial instruments are valued is as follows:

- Level 1 includes unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 includes inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly or indirectly;
- Level 3 includes inputs for the assets or liability that are not based on observable market data.

As at September 30, 2021, the fair value of the secured debt investment in Humphrey's (see Note 14) is valued under Level 3.

As at September 30, 2021, the care and maintenance and pre-need merchandise and service trust funds and related liabilities are carried at fair value under Level 1, Level 2, Level 3, and amortized cost.

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT – continued

Fair value of financial instruments – continued

The trust assets are valued as follows:

Care and maintenance trust fund investments at September 30, 2021

	Cost	Level 1 Quoted market price	Level 2 Valuation technique - observable market inputs	Level 3 Valuation technique - non-observable market inputs	Amortized cost	Total fair value
Cash and cash equivalents	$ 19,317,031	$ 20,656,040	$ -	$ -	$ -	$ 20,656,040
Fixed Income						
Canadian						
Corporate	10,528,140	4,905,891	-	-	5,000,000	9,905,891
Government	174,665	226,103	-	-	-	226,103
US						
Corporate	4,461,265	4,458,392	-	-	83,486	4,541,878
Government	-	-	-	-	-	-
Equities						
Canadian	48,120,564	61,852,531	-	-	-	61,852,531
US	18,890,789	22,753,253	-	-	-	22,753,253
Canadian Preferred	3,466,708	4,238,839	-	-	-	4,238,839
US Preferred	3,736,197	3,689,056	-	-	-	3,689,056
Mutual Funds/ETFs						
Equity	36,548,166	36,562,279	-	-	-	36,562,279
Fixed Income	57,591,050	58,179,364	-	-	-	58,179,364
Preferred	29,965,953	29,815,538	-	-	-	29,815,538
Alternative	20,573,138	-	-	24,562,642	-	24,562,642
	$ 253,373,666	$ 247,337,287	$ -	$ 24,562,642	$ 5,083,486	$ 276,983,414

Care and maintenance trust fund investments at December 31, 2020

	Cost	Level 1 Quoted market price	Level 2 Valuation technique - observable market inputs	Level 3 Valuation technique - non-observable market inputs	Amortized cost	Total fair value
Cash and cash equivalents	$ 9,015,429	$ 9,015,412	$ -	$ -	$ -	$ 9,015,412
Fixed Income						
Canadian						
Corporate	10,508,290	4,781,608	-	-	8,646,530	13,428,138
Government	174,665	239,812	-	-	-	239,812
US						
Corporate	67,263,236	65,423,372	-	-	-	65,423,372
Government	-	-	-	-	-	-
Equities						
Canadian	42,929,577	51,234,037	-	-	-	51,234,037
US	32,802,514	35,821,065	-	-	-	35,821,065
Canadian Preferred	2,813,131	2,704,463	-	-	-	2,704,463
US Preferred	-	-	-	-	-	-
Mutual Funds/ETFs						
Equity	16,993,088	18,816,599	-	-	-	18,816,599
Fixed Income	11,339,095	11,385,245	-	-	-	11,385,245
Preferred	15,835,303	16,251,948	-	-	-	16,251,948
Alternative	18,403,284	-	-	21,681,390	-	21,681,390
	$ 228,077,612	$ 215,673,561	$ -	$ 21,681,390	$ 8,646,530	$ 246,001,481

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT – continued

Fair value of financial instruments – continued

Pre-need merchandise and service trust fund investments at September 30, 2021

	Cost	Level 1 Quoted market price	Level 2 Valuation technique - observable market inputs	Level 3 Valuation technique - non-observable market inputs	Amortized cost	Total fair value
Cash and cash equivalents	$ 28,570,165	$ 28,570,165	$ -	$ -	$ -	$ 28,570,165
GIC's	29,631,164	29,631,164	-	-	-	29,631,164
Fixed Income						
Canadian						
Corporate	24,879	25,706	-	-	-	25,706
Government	23,352	23,143	-	-	-	23,143
US						
Corporate	10,407,425	10,398,559	-	-	-	10,398,559
Government	882,981	933,000	-	-	-	933,000
Equities						
Canadian	166,787	235,828	-	-	-	235,828
US	12,641,403	13,510,525	-	-	-	13,510,525
Canadian Preferred	-	-	-	-	-	-
US Preferred	3,048,792	3,012,733	-	-	-	3,012,733
Mutual Funds/ETFs						
Equity	125,439,695	122,181,682	-	-	-	122,181,682
Fixed Income	66,608,765	66,673,317	-	-	-	66,673,317
Preferred	-	-	-	-	-	-
Alternative	27,685,759	-	-	33,108,057	-	33,108,057
	$ 305,131,166	$ 275,195,822	$ -	$ 33,108,057	$ -	$ 308,303,878

Pre-need merchandise and service trust fund investments at December 31, 2020

	Cost	Level 1 Quoted market price	Level 2 Valuation technique - observable market inputs	Level 3 Valuation technique - non-observable market inputs	Amortized cost	Total fair value
Cash and cash equivalents	$ 8,852,595	$ 8,852,595	$ -	$ -	$ -	$ 8,852,595
GIC's	29,859,660	29,859,660	-	-	-	29,859,660
Fixed Income						
Canadian						
Corporate	604,138	595,082	-	-	-	595,082
Government	23,352	23,674	-	-	-	23,674
US						
Corporate	55,017,818	66,746,827	-	-	-	66,746,827
Government	-	-	-	-	-	-
Equities						
Canadian	1,511,813	1,433,234	-	-	-	1,433,234
US	27,716,829	32,111,836	-	-	-	32,111,836
Canadian Preferred	-	-	-	-	-	-
US Preferred	6,195,069	6,345,448	-	-	-	6,345,448
Mutual Funds/ETFs						
Equity	52,856,057	57,019,589	-	-	775,379	57,794,968
Fixed Income	48,984,101	49,900,253	-	-	-	49,900,253
Preferred	-	-	-	-	-	-
Alternative	32,529,371	-	-	39,385,007	-	39,385,007
	$ 264,150,803	$ 252,888,198	$ -	$ 39,385,007	$ 775,379	$ 293,048,584

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT – continued

Fair value of financial instruments – continued

Market Risk

Pre-need merchandise and service trust fund investments

The principal objective of the pre-need cemetery and funeral trusts are to preserve the original principal balance invested in the trust and to achieve growth in the principal over time to preserve and increase the purchasing power of the assets. Since pre-need contracts generally take several years to turn at-need, the funds deposited into the pre-need trusts are invested through several investment cycles. The risk profiles of the investments are adjusted to achieve the desired goal and are weighted toward fixed income and equities with both a capital growth and income component. The portfolio is diversified and managed by professional fund managers specialized in this asset class with a long-term view on acceptable risk tolerance.

Care and maintenance trust fund investments

The cemetery perpetual care and maintenance trust funds, in accordance with provincial and state regulations, emphasize yield orientated investments that prioritize current investment income with some capital appreciation over time in order to provide for the care and maintenance of the cemetery properties. In most jurisdictions, only investment income received, and not capital gains, may be applied to pay the cost of eligible care and maintenance expenses. If income from this trust should exceed eligible care and maintenance expenses, the excess must be added to the capital of the trust and would not be eligible for pay out to the Company in the future.

In order to achieve current investment income and some longer-term capital growth, the cemetery perpetual care fund portfolio is weighted more heavily to fixed income and yield oriented equity investments. The portfolio is diversified and managed by professional fund managers specialized in this asset class with a long-term view on acceptable risk tolerance.

28. COMMITMENTS AND CONTINGENCIES

Litigation

From time to time the Company is subject to legal proceedings and claims arising in the ordinary course of business. Some of the more frequent ordinary routine litigations incidental to our business are based on burial practices claims and employment related matters. Management is of the opinion based upon information presently available, that it is unlikely that any such liability, to the extent not provided for by insurance or otherwise, would have a material adverse effect in relation to the Company's consolidated financial position, liquidity, or results of operations.

28. COMMITMENTS AND CONTINGENCIES - continued

Construction

The Company has 13 construction commitments with the remaining balance of $7,822,111, primarily for the construction of Westminster funeral visitation and reception centre in Toronto, Ontario and for funeral homes, mausoleums, and cemetery development in the United States. To date, the Company has spent $28,152,031 on these construction commitments in progress.

29. SEGMENTED INFORMATION

IFRS 8 - "Operating Segments" defines an operating segment as a component of an entity that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance; and for which discrete financial information is available.

The Company has two operating segments, one which provides goods and services associated with the disposition and memorialization of remains in Canada and the other which provides the same goods and services in the United States. The Company's operating segments are consistent with its geographic segments, and therefore the required disclosures are made below.

Geographic information

For the Company's geographically segmented non-current assets the Company has allocated based on the location of assets, as follows:

	September 30, 2021	December 31, 2020
Canada	$ 213,862,445	$ 206,887,380
United States	1,361,808,460	1,220,963,716
Total	$ 1,575,670,905	$ 1,427,851,096

For the Company's geographically segmented net revenue, the Company has allocated net revenue based on the location of the customer, as follows:

29. SEGMENTED INFORMATION – continued

Geographic information - continued

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Net revenue:				
Net sales:				
Canada	$ 8,248,039	$ 8,454,375	$ 27,169,414	$ 25,402,750
United States	79,851,373	67,539,108	229,868,296	195,097,200
Total net sales	88,099,412	75,993,483	257,037,710	220,499,950
Income from care and maintenance funds:				
Canada	1,230,751	1,155,000	3,860,733	3,005,000
United States	1,378,236	1,469,919	4,444,256	4,665,850
Total income from care and maintenance funds	2,608,987	2,624,919	8,304,989	7,670,850
Interest and other income:				
Canada	169,809	301,805	800,031	985,429
United States	1,169,563	1,347,190	3,912,922	3,906,931
Total interest and other income	1,339,372	1,648,995	4,712,953	4,892,360
Total net revenue:				
Canada	9,648,599	9,911,180	31,830,178	29,393,179
United States	82,399,172	70,356,217	238,225,474	203,669,981
Total net revenue	$ 92,047,771	$ 80,267,397	$ 270,055,652	$ 233,063,160

30. SUBSEQUENT EVENTS

Ontario

On October 1, 2021, the Company acquired substantially all the assets of Malcolm, Deavitt & Binhammer Funeral Home Limited, a funeral home in Pembroke, Ontario.

North Carolina

On October 25, 2021, the Company acquired substantially all the assets of Pugh Funeral Homes and New Hope Memorial Gardens, a business consisting of five funeral homes and one cemetery located in central North Carolina.

Tennessee

On October 14, 2021, the Company announced that it has entered into a definitive agreement to purchase substantially all the assets of Smith Funeral & Cremation Service, Life & Legacy Cremation Center and Smith Event Centers, as well as Grandview Cemetery and Cremation by Grandview, comprised of one funeral home, one combination funeral home and cemetery property and five event centers in Maryville, Tennessee. The transaction is anticipated to close in mid-November following the satisfaction of regulatory requirements.

31. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the September 30, 2021 unaudited condensed interim consolidated financial statements with no effect on our previously reported results of operations, consolidated financial position, or cash flows.