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Condensed Interim Consolidated Financial Statements

As at and for the three months ending
March 31, 2022 and 2021 | 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 (UNAUDITED)
AS AT MARCH 31, 2022 AND DECEMBER 31, 2021
(U.S. dollars)

	March 31, 2022	December 31, 2021 *(Restated, Measurement Period Adjustment)*	January 1, 2021
Assets			
Current assets			
Cash	$ 30,702,084	$ 20,785,798	$ 24,721,246
Accounts receivable (Note 5)	18,831,962	17,965,513	11,007,943
Pre-need receivables, current portion (Note 5)	29,249,907	29,510,544	26,013,432
Inventories, current portion (Note 6)	10,667,755	9,655,131	9,506,457
Prepaid expenses and other assets (Note 14)	3,676,209	4,455,008	9,403,036
	93,127,917	82,371,994	80,652,114
Non-current assets			
Pre-need receivables, net of current portion (Note 5)	62,496,136	62,538,477	56,561,063
Inventories, net of current portion (Note 6)	70,841,907	72,458,684	72,178,199
Land held for development (Note 8)	26,441,554	26,497,099	20,911,669
Property and equipment (Note 9)	227,584,819	225,471,682	178,448,898
Care and maintenance trust fund investments (Note 10)	228,176,900	229,963,783	193,215,112
Pre-need merchandise and service trust fund investments (Note 11)	247,807,344	259,728,034	230,166,968
Deferred tax assets	5,625,956	4,859,503	4,038,934
Goodwill and intangibles (Note 7 and 13)	408,916,607	408,879,000	333,812,451
Deferred commissions	28,991,280	28,405,628	25,773,040
Prepaid expenses and other assets (Note 14)	5,469,865	5,908,669	6,360,126
	1,312,352,368	1,324,710,559	1,121,466,460
TOTAL ASSETS	$ 1,405,480,285	$ 1,407,082,553	$ 1,202,118,574
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	$ 36,595,546	$ 37,896,383	$ 35,479,685
Dividends payable (Note 20)	3,095,352	1,016,996	882,385
Current portion of long-term debt (Note 15)	137,046	168,148	277,560
Current portion of notes payable (Note 16)	2,152,405	3,449,682	2,118,300
Current portion of lease liabilities (Note 17)	1,348,990	1,081,669	1,692,367
	43,329,339	43,612,878	40,450,297
Non-current liabilities			
Long-term debt, net of current portion (Note 15)	85,054,001	84,635,893	112,587,982
Notes payable, net of current portion (Note 16)	9,375,761	9,452,445	6,254,921
Lease liabilities, net of current portion (Note 17)	4,340,445	3,675,988	4,034,453
Senior Unsecured Debentures (Note 18)	66,285,855	65,237,067	64,376,804
Deferred tax liabilities	13,466,354	12,668,399	9,819,128
Deferred revenue (Note 19)	160,532,277	158,074,616	137,898,510
Care and maintenance trusts' corpus (Note 10)	228,176,900	229,963,783	193,215,112
Deferred pre-need receipts held in trust (Note 11)	247,807,343	259,728,034	230,166,968
	815,038,936	823,436,225	758,353,878
Shareholders' Equity			
Share capital (Note 21)	509,399,119	509,011,563	388,447,668
Contributed surplus	12,955,466	11,939,676	8,654,292
Accumulated other comprehensive loss	(5,368,993)	(5,398,833)	(3,466,175)
Retained earnings	30,126,418	24,481,044	7,980,536
	547,112,010	540,033,450	401,616,321
Non-controlling interest	-	-	1,698,078
	547,112,010	540,033,450	403,314,399
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,405,480,285	$ 1,407,082,553	$ 1,202,118,574

Change in Presentation Currency (Note 4)
Commitments and Contingencies (Note 27)

Approved by the Board of Directors

"Paul G. Smith"	*"Steven Scott"*
Paul G. Smith - Chairman, Director	Steven Scott, Director

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

PARK LAWN CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(U.S. dollars)

	March 31, 2022	March 31, 2021
Net revenue		
Net sales	$ 79,864,020	$ 67,355,927
Income from care and maintenance funds (Note 10)	2,341,482	1,993,498
Interest income	967,795	1,406,736
	83,173,297	70,756,161
Cost of sales	13,678,317	11,252,397
Net revenue less cost of sales	69,494,980	59,503,764
Operating expenses		
General and administrative	38,662,676	30,602,899
Amortization of intangibles (Note 13)	382,543	466,562
Maintenance	6,288,115	5,669,618
Advertising and selling	7,736,651	8,095,889
Finance costs (Note 22)	1,559,438	2,008,363
Share based incentive compensation (Note 23 and 25)	1,465,178	754,677
	56,094,601	47,598,008
Earnings from operations	13,400,379	11,905,756
Acquisition and integration costs (Note 7)	(1,113,839)	(924,838)
Other income (expenses) (Note 24)	(296,490)	(42,010)
Earnings before income taxes	11,990,050	10,938,908
Income tax expense	3,288,032	3,172,878
Net earnings for the period	$ 8,702,018	$ 7,766,030
Net earnings attributable to:		
Equity holders of PLC	$ 8,702,018	$ 7,704,812
Non-controlling interest	-	61,218
	$ 8,702,018	$ 7,766,030
Attributable to equity holders of PLC		
Net earnings per share - basic	$ 0.255	$ 0.258
Net earnings per share - diluted	$ 0.250	$ 0.256
Weighted average number of common shares:		
- basic	34,163,346	29,841,755
- diluted	34,795,204	30,122,589

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

PARK LAWN CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(U.S. dollars)

	March 31, 2022	March 31, 2021
Net earnings for the period	$ 8,702,018	$ 7,766,029
Item of other comprehensive income to be subsequently reclassified to net earnings		
Foreign currency translation of foreign operations	29,840	(1,362,107)
Comprehensive income	$ 8,731,858	$ 6,403,922

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 (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(U.S. dollars)

	# 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, 2021	29,564,526	$ 388,447,668	$ 8,654,292	$ 7,980,536	$ (3,466,175)	$ 1,698,078	$ 403,314,399
Dividends declared (Note 20)	-	-	-	(2,670,234)	-	-	(2,670,234)
Equity incentive plan (Note 23)	-	-	753,148	-	-	-	753,148
Shares issued:							
Dividend reinvestment plan (Note 21i)	19,275	446,486	-	-	-	-	446,486
Exercise of Equity incentive plan (Note 23)	82,847	1,476,487	(1,476,487)	-	-	-	-
Foreign currency translation of foreign operations	-	-	-	-	(1,361,587)	(520)	(1,362,107)
Net earnings for the period	-	-	-	7,704,811	-	61,218	7,766,029
Balance at March 31, 2021	29,666,648	$ 390,370,641	$ 7,930,953	$ 13,015,113	$ (4,827,762)	$ 1,758,776	$ 408,247,721
Balance at January 1, 2022	33,930,209	$ 509,011,562	$ 11,939,676	$ 24,481,044	$ (5,398,833)	$ -	$ 540,033,449
Dividends declared (Note 20)	-	-	-	(3,056,644)	-	-	(3,056,644)
Equity incentive plan (Note 23)	-	-	1,459,282	-	-	-	1,459,282
Shares issued:							
Dividend reinvestment plan (Note 21i)	7,303	214,621	-	-	-	-	214,621
Exercise of Equity incentive plan (Note 23)	19,734	443,492	(443,492)	-	-	-	-
Acquisition of non-controlling interest (Note 21 i	-	(270,556)	-	-	-	-	(270,556)
Foreign currency translation of foreign operations	-	-	-	-	29,840	-	29,840
Net earnings for the period	-	-	-	8,702,018	-	-	8,702,018
Balance at March 31, 2022	33,957,246	$ 509,399,119	$ 12,955,466	$ 30,126,418	$ (5,368,993)	$ -	$ 547,112,010

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

PARK LAWN CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(U.S. dollars)

	March 31, 2022	March 31, 2021
Cash provided by (used in):		
Operating activities		
Net earnings for the period	$ 8,702,018	$ 7,766,029
Adjustments to reconcile net income to cash provided by (used in) operating activities:		
Acquisition and integration costs	1,113,839	924,838
Deferred tax expense	106,501	685,018
Depreciation of property and equipment, and amortization of intangibles (Note 9 and 13)	3,225,111	2,930,816
Amortization of cemetery property	1,764,967	1,658,347
Amortization of deferred financing costs (Note 15 and 22)	108,389	181,603
Accretion expense on senior unsecured debentures (Note 18 and 22)	150,983	141,004
Interest on lease liabilities (Note 17 and 22)	83,505	72,437
Share based incentive compensation (Note 23)	1,459,282	753,148
(Gain) loss on disposal of property and equipment (Note 9 and 24)	19,032	8,962
Impairment of other assets (Note 14 and 24)	153,972	-
Changes in working capital that provided (required) cash:		
Accounts receivable (Note 5)	(500,912)	418,855
Net receipts on pre-need activity	2,809,640	(1,105,646)
Merchandise inventories	(218,346)	(110,709)
Prepaid expenses and other current assets (Note 14)	972,453	(7,615)
Deferred commissions, net of amortization	(585,652)	(266,740)
Accounts payable and accrued liabilities	(558,592)	1,375,569
Cash provided by (used in) operating activities	18,806,190	15,425,915
Investing activities		
Acquisition and integration costs	(1,113,839)	(924,838)
Acquisition of non-controlling interest (Note 21)	(270,556)	-
Additions to cemetery property	(583,635)	(962,707)
Acquisition of property and equipment (Note 9)	(4,707,410)	(3,389,337)
Proceeds on disposal of property and equipment (Note 9)	323,016	997,662
Additions to computer software (Note 13)	(216,169)	(137,135)
Cash interest from other assets (Note 14)	-	512,214
Disposals (additions) to other assets (Note 14)	-	4,779,834
Cash provided by (used in) investing activities	(6,568,593)	875,693
Financing activities		
Proceeds from issuance of long-term debt (Note 15)	269,675	2,605,893
Repayment of long-term debt (Note 15)	-	(7,182,181)
Repayment of note payable (Note 16)	(1,377,961)	(848,791)
Repayment of lease liabilities (Note 17)	(347,463)	(373,362)
Dividends and distributions paid (Note 20)	(803,667)	(2,223,748)
Financing costs (Note 22)	(3,645)	(19,728)
Cash provided by (used in) financing activities	(2,263,061)	(8,041,917)
Translation adjustment on cash	(58,250)	(106,932)
Net increase (decrease) in cash	9,916,286	8,152,759
Cash, beginning of period	20,785,798	24,721,246
Cash, end of period	$ 30,702,084	$ 32,874,005
Supplemental disclosures:		
Income taxes paid	$ 60,140	$ 90,837
Interest expenses paid	$ 364,365	$ 649,907

The accompanying notes to the condensed interim consolidated financial statements are an integral part of these 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 under the stock symbol "PLC" and "PLC.U", its U.S. denominated ticker symbol, under which purchases and sales of common shares of the Company ("**Common Shares**") can be made in U.S. dollars.

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, 2021 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, 2021.

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 March 31, 2022 and 2021 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 May 12, 2022.

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 functional currency of the parent Company and its Canadian subsidiaries is the Canadian dollar ("CAD"). The functional currency of the Company's US subsidiaries is the ("USD") The unaudited condensed interim consolidated financial statements are presented in USD.

Effective January 1, 2022, the Company changed its presentation currency from the CAD to USD to better reflect the Company's business activities and provide more relevant reporting of the Company's financial position, given that a significant portion of the Company's revenues, expenses, cash flows and assets are USD denominated. The financial statements of entities with a functional currency that is not USD have been translated into USD in accordance with IAS 21 - *The Effects of Changes in Foreign Exchange Rates*. All comparative period amounts have been restated to reflect the change in presentation currency. Further details are provided in Note 4 of the financial statements - Changes in Accounting Policies. Assets and liabilities are translated at the closing rate at the end of each reporting period. Profit or loss items are translated at average exchange rates for all the relevant periods. Equity transactions have been translated at the exchange rates prevailing at the date of the transactions. All resulting translation differences are recognized as a component of other comprehensive earnings and as a component of accumulated other comprehensive earnings in equity.

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.

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 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 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 the Company's audited annual consolidated financial statements for the year ended December 31, 2021.

i) During the quarter ended March 31, 2022, PLC's operating performance continued to normalize as the COVID-19 pandemic has started to become endemic and, further, as a result of PLC's operational execution and the easing of government restrictions related thereto. As a result, the adverse impacts of the COVID-19 pandemic on PLC's sequential and year-over-year performance were reduced. Additionally, PLC has, over time, continued to develop and refine many aspects of its business to better operate in this challenging environment, including enhanced safety protocols and procedures designed for working with any deceased who may have been infected by COVID-19, safety protocols and procedures in regard to its interactions with customers to protect the health and safety of all concerned, web broadcasting of funeral services and other alternatives to traditional visitations and services and the implementation of different strategies and technologies such as virtual meeting platforms to discuss and arrange service and product offerings with clients. Due to the various measures PLC implemented, and the great work of its people, the COVID-19 pandemic has not, to date, had a materially negative impact on the overall financial performance of the business and the Company experienced an increase in services performed in COVID-19 hot spots as well as from a renewed interest in celebrating life. Further, the Company also observed an increase in the pre-planning of funeral and burial services. However, due to uncertainties relating to the severity and duration of the COVID-19 pandemic, including existing and possible future variants, and various potential outcomes, it is difficult at this time to estimate the impacts of the COVID-19 pandemic on PLC's business or future financial results and related assumptions. The Company's business and financial results could be significantly and negatively impacted in future periods. The extent to which the COVID-19 pandemic may adversely impact PLC will depend on future developments that are difficult to predict, including the effective distribution of approved vaccines and treatments, and the potential development and distribution of new vaccines and treatments, as well as new information which may emerge concerning the severity, duration and resurgences of the COVID-19 pandemic and the actions required to contain the coronavirus or remedy its impacts, among others.

4. CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2022, the Company changed its presentation currency from CAD to USD. This change will provide shareholders with a better reflection of the Company's business activities and provide more relevant reporting of the Company's financial position, given that a significant portion of the Company's expenses, cash flows, assets and revenues are denominated in USD. The change in presentation currency represents a voluntary change in accounting policy. The Company has applied the presentation currency change retrospectively. All periods presented in the unaudited condensed interim consolidated financial statements have been translated into the new presentation currency, in accordance with the guidance in IAS 21, *The Effects of Changes in Foreign Exchange Rates.*

The unaudited condensed interim consolidated statements of earnings and the unaudited condensed interim consolidated statements of cash flows have been translated into the presentation currency using the average exchange rates prevailing during each reporting period. In the unaudited condensed interim consolidated statements of financial position, all assets and liabilities have been translated using the period-end exchange rates, and all resulting exchange differences have been recognized in accumulated other comprehensive earnings. Asset and liability amounts previously reported in CAD have been translated into USD as at January 1, 2021, and December 31, 2021 using the period-end exchange rates below and shareholders' equity balances have been translated using historical rates in effect on the date of the transactions.

USD/CAD Exchange Rate

	March 31, 2022	December 31, 2021	March 31, 2021	January 1, 2021
Closing rate at the reporting date	0.7996	0.7888	0.7952	0.7854
Average rate for the period	0.7896	0.7978	0.7899	0.7461

The change in presentation currency resulted in the following impact on January 1, 2021, opening consolidated statement of financial position:

	Previously reported in CAD January 1, 2021	Presentation currency change	Reported in USD January 1, 2021
Total assets	$ 1,530,537,368	$ (328,418,794)	$ 1,202,118,574
Total liabilities	1,017,037,479	(218,233,304)	798,804,175
Total equity	513,499,889	(110,185,490)	403,314,399

4. CHANGES IN ACCOUNTING POLICIES – continued

The change in presentation currency resulted in the following impact on the December 31, 2021, consolidated statement of financial position:

	Previously reported in CAD December 31, 2021 *(Restated, Measurement Period Adjustment, see Note 7)*	Presentation currency change	Reported in USD December 31, 2021
Total assets	$ 1,783,899,261	$ (376,816,708)	$ 1,407,082,553
Total liabilities	1,099,244,853	(232,195,750)	867,049,103
Total equity	684,654,407	(144,620,957)	540,033,450

The change in presentation currency resulted in the following impact on the three months ended March 31, 2021, consolidated statements of earnings and comprehensive earnings:

	Previously reported in CAD March 31, 2021	Presentation currency change	Reported in USD March 31, 2021
Net sales	$ 85,272,603	$ (17,916,676)	$ 67,355,927
Operating expenses	60,259,078	(12,661,070)	47,598,008
Net earnings	9,831,793	(2,065,764)	7,766,030
Comprehensive earnings	1,733,399	4,670,523	6,403,922

The change in presentation currency resulted in the following impact on the three months ended March 31, 2021, consolidated statements of cash flows:

	Previously reported in CAD March 31, 2021	Presentation currency change	Reported in USD March 31, 2021
Cash provided by (used in):			
Operating activities	$ 19,559,571	$ (4,133,655)	$ 15,425,916
Investing activities	1,267,617	(391,924)	875,693
Financing activities	(10,205,835)	2,163,918	(8,041,917)

The change in presentation currency resulted in the following impact on the three months ended March 31, 2021, basic and diluted earnings per share:

Previously reported in CAD March 31, 2021	Presentaion currency change	Reported in USD March 31, 2021
$ 0.327	$ (0.069)	$ 0.258
0.324	(0.068)	0.256

5. ACCOUNTS RECEIVABLE AND PRE-NEED RECEIVABLES

	March 31, 2022	December 31, 2021 *(Restated, Measurement Period Adjustment-see Note 7), (Note 4)*
Accounts receivable	$ 18,831,962	$ 17,965,513
Pre-need receivables, current portion	29,249,907	29,510,544
Pre-need receivables, net of current portion	62,496,136	62,538,477
Total	$ 110,578,005	$ 110,014,534

Included in the figures above are allowances for doubtful accounts and allowances for sales returns as shown in the table below:

	March 31, 2022	December 31, 2021 *(Note 4)*
Beginning of the period	$ 12,124,643	$ 10,619,818
Additions to allowances	743,608	2,740,685
Cancellations	(128,575)	(1,239,035)
Foreign currency translation	3,636	3,174
End of period	$ 12,743,311	$ 12,124,643

6. INVENTORIES

	March 31, 2022	December 31, 2021 *(Note 4)*
Merchandise inventories	$ 4,187,972	$ 3,961,520
Cemetery lots	35,415,245	35,409,510
Crypts and niches	33,997,598	35,328,230
Construction in progress	7,908,847	7,414,554
Total	81,509,662	82,113,815
Current portion	10,667,755	9,655,131
Non-current portion	$ 70,841,907	$ 72,458,684

There were no inventory write-downs in either period.

7. BUSINESS COMBINATIONS

Acquisitions completed in fiscal 2021

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 Williams Businesses, Mississippi Businesses, Pugh, Smith Businesses and Ingram, described below. The following table summarizes the effects of the change on the line items of the consolidated statement of financial position for the year ended December 31, 2021.

	December 31, 2021 *As previously stated*	*Adjustments*	December 31, 2021 *As restated*
Pre-need receivables, net of current portion	$ 62,415,463	$ 123,014	$ 62,538,477
Land held for development	26,442,099	55,000	26,497,099
Property and equipment	225,080,851	390,831	225,471,682
Goodwill and intangibles	409,008,075	(129,075)	408,879,000
Deferred commission	28,452,317	(46,689)	28,405,628
Prepaid expenses and other assets	5,569,640	339,029	5,908,669
Lease liabilities, net of current portion	(3,453,321)	(222,667)	(3,675,988)
Deferred tax liabilities	(12,777,195)	108,796	(12,668,399)
Deferred revenue	(157,456,376)	(618,240)	(158,074,616)
Total	$ 583,281,553	$ (0)	$ 583,281,553

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, 2021:

7. BUSINESS COMBINATIONS – continued

	Preliminary Other	Preliminary Mississippi Businesses	Total *(Note 4)*
Assets acquired:			
Cash	$ 125,186	$ 610,413	$ 735,599
Accounts receivable	264,324	323,761	588,085
Pre-need receivables	654,100	216,085	870,185
Inventories	4,341,662	363,604	4,705,266
Land held for development	3,645,000	556,773	4,201,773
Property and equipment	30,128,764	13,945,287	44,074,051
Care and maintenance trust fund investments	8,841,504	631,160	9,472,664
Pre-need merchandise and service trust fund investments	9,887,794	4,051,900	13,939,694
Goodwill	48,376,204	14,871,252	63,247,456
Intangibles	10,280,527	4,015,000	14,295,527
Deferred commissions	268,329	-	268,329
Prepaid expenses and other assets	-	143,593	143,593
Total assets	$ 116,813,394	$ 39,728,827	$ 156,542,221
Liabilities assumed:			
Accounts payable and accrued liabilities	$ 39,419	$ 307,158	$ 346,577
Lease liabilities	62,169	222,667	284,836
Deferred tax liabilities	216,043	1,345,272	1,561,315
Deferred revenue	4,400,323	864,846	5,265,169
Care and maintenance trusts' corpus	8,841,504	631,160	9,472,664
Deferred pre-need receipts held in trust	9,887,794	4,051,900	13,939,694
	23,447,252	7,423,002	30,870,254
Fair value of consideration transferred:			
Cash consideration	87,715,209	32,451,310	120,166,519
Deferred cash consideration	5,650,933	-	5,650,933
Working capital	-	(145,485)	(145,485)
	93,366,142	32,305,825	125,671,967
Total liabilities and considerations	$ 116,813,394	$ 39,728,827	$ 156,542,221

(i) On 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.

7. 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 the Mississippi Businesses. 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 the Mississippi Businesses was $32,305,825.

The fair value allocations for Mississippi Businesses acquisition are based on preliminary purchase allocations conducted by management. As the acquisition is within the measurement period under IFRS 10, it continues 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.

(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.

(vi) On October 1, 2021, the Company acquired substantially all the assets of Malcolm, Deavitt & Binhammer Funeral Home Limited ("MDB"), a funeral home located in Pembroke, Ontario. The MDB funeral home complements the Company's existing locations near Ottawa.

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

(viii) On November 15, 2021, the Company purchased substantially all of the assets of Smith Funeral & Cremation Service, Life & Legacy Cremation Center and Smith Event Centers, as well as Grandview Cemetery and Cremation by Grandview (collectively the "Smith Businesses"), comprised of one funeral home, one combination funeral home and cemetery property and five event centers in Maryville, Tennessee.

(ix) On December 13, 2021, the Company acquired substantially all the assets of Ingram Funeral Home and Crematory, Inc. ("Ingram" business), a business consisting of a stand-alone funeral home located in Cumming, Forsyth Country, Georgia.

The collective purchase price for Wichmann, West, Williams, Williamson Businesses, Pugh, Smith Businesses, Ingram and MDB was $93,366,142.

7. BUSINESS COMBINATIONS – continued

Acquisitions completed in fiscal 2021 – continued

The purchase price allocation for Wichmann and West acquisitions was finalized in the fourth quarter of 2021 and Williams Businesses in the first quarter of 2022.

The fair value allocations for Williamson Businesses, MDB, Pugh, Smith Businesses and Ingram 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.

Canadian acquisition transactions are initially recognized in U.S. dollars at the rates of exchanges in effect on the transaction dates. Subsequently, the assets and liabilities are translated at the rate in effect at the Statement of Financial Position date.

8. LAND HELD FOR DEVELOPMENT

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

	January 1, 2022	Acquired in business combinations	Additions	Transferred to inventory	Disposals	Foreign currency translation	March 31, 2022
Cost:							
Land held for development	26,497,099	-	10,545	(122,476)	-	56,386	26,441,554
Total	$ 26,497,099						$ 26,441,554

	January 1, 2021	Acquired in business combinations	Additions	Transferred to inventory	Disposals	Foreign currency translation	December 31, 2021 *(Restated, Measurement Period Adjustment-see Note 7), (Note 4)*
Cost:							
Land held for development	20,911,669	4,201,773	1,555,510	(186,179)	-	14,326	26,497,099
Total	$ 20,911,669						$ 26,497,099

9. PROPERTY AND EQUIPMENT

	January 1, 2022	Acquired in business combinations	Additions	Disposals	Foreign currency translation	March 31, 2022
Cost:						
Land	$ 56,994,494	-	44,302	-	44,822	$ 57,083,618
Buildings, cemetery and funeral	150,209,425	-	2,613,082	-	347,243	153,169,750
Machinery, equipment and automotive	28,873,259	-	736,169	(68,055)	54,268	29,595,641
Cemetery improvements	14,606,589	-	284,721	(318,216)	37,112	14,610,206
Right-of-use asset	8,202,110	-	1,171,548	(344,200)	78,146	9,107,604
Total	258,885,877	-	4,849,822	(730,471)	561,592	263,566,818
Accumulated depreciation:						
Buildings, cemetery and funeral	14,838,796	-	1,266,069	-	43,108	16,147,973
Machinery, equipment and automotive	11,328,756	-	1,010,487	(44,223)	28,556	12,323,576
Cemetery improvements	3,632,413	-	119,376	-	15,897	3,767,686
Right-of-use asset	3,614,230	-	446,636	(344,200)	26,099	3,742,765
Total	33,414,195	-	2,842,568	(388,423)	113,660	35,982,000
Net book value	$ 225,471,682					$ 227,584,819

	January 1, 2021	Acquired in business combinations	Additions	Disposals	Foreign currency translation	December 31, 2021 *(Restated, Measurement Period Adjustment-see Note 7), (Note 4)*
Cost:						
Land	$ 46,866,133	11,415,375	141,920	(1,477,876)	48,942	$ 56,994,494
Buildings, cemetery and funeral	115,596,866	27,537,866	12,874,341	(5,908,474)	108,826	150,209,425
Machinery, equipment and automotive	19,651,215	4,731,751	5,777,674	(1,309,336)	21,955	28,873,259
Cemetery improvement	13,516,182	-	1,078,601	(650)	12,456	14,606,589
Right-of-use asset	8,291,270	389,058	338,482	(842,991)	26,291	8,202,110
Total	203,921,666	44,074,051	20,211,017	(9,539,327)	218,470	258,885,877
Accumulated depreciation:						
Buildings, cemetery and funeral	10,978,652	-	4,921,527	(1,088,614)	27,231	14,838,796
Machinery, equipment and automotive	8,519,895	-	3,411,507	(614,479)	11,833	11,328,756
Cemetery improvement	3,194,048	-	435,935	-	2,430	3,632,413
Right-of-use asset	2,780,173	-	1,619,466	(787,527)	2,118	3,614,230
Total	25,472,768	-	10,388,435	(2,490,619)	43,612	33,414,196
Net book value	$ 178,448,898					$ 225,471,682

9. PROPERTY AND EQUIPMENT - continued

Property and equipment depreciation expense amounted to $2,842,568 and $2,464,254 for the three month periods ended March 31, 2022 and 2021, respectively. Depreciation expense is included in general and administrative expenses on the consolidated statements of earnings.

Included in additions at March 31, 2022 are $1,797,600 of additions at Canadian cemeteries and funeral sites (at December 31, 2021 - $8,332,442) and $3,052,222 of additions at U.S. cemeteries and funeral sites (at December 31, 2021 - $11,878,575).

The disposal in 2021 of $5,317,935 relates to the sale of Parkland Funeral Holdings Ltd ("Parkland"), a non-strategic business.

During the three month period ended March 31, 2022, the Company sold property for a sale price of $323,016 realizing a net loss of $19,032.

During the three month period ended March 31, 2021, the Company sold property for a sale price of $997,662 realizing a net loss of $8,962.

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.

10. 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. Under provincial and state law these trusts are legally separate from the Company.

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 netted against net sales at the time of the sale.

The principal of these trusts is recorded in the consolidated statements of financial position and represents these contributions to the trusts and accumulated income associated with trust holdings. The corpus generally remains in perpetuity, and the income can be withdrawn from the trusts to defray the maintenance costs incurred by the cemetery based on state and provincial regulations. In the United States and Canada, many jurisdictions require capital gains and losses to be held in perpetuity in these trusts, however, certain jurisdictions allow net capital gains and losses to be included in the income that is paid to the Company. Additionally, some jurisdictions allow a total return distribution to the Company which may contain income, net capital appreciation, and principal.

Investment income recognized in operations amounted to $2,341,482 and $1,993,498 for the three month period ended March 31, 2022 and 2021, respectively.

Care and maintenance trust fund investments consist of the following:

	Fair Value		Cost	
	March 31, 2022	December 31, 2021 *(Note 4)*	March 31, 2022	December 31, 2021 *(Note 4)*
Cash and cash equivalents	$ 13,444,680	$ 9,920,442	$ 13,444,680	$ 9,918,598
Fixed Income				
Canadian				
Corporate	4,706,660	4,713,384	5,263,850	5,195,813
Government	165,031	175,269	139,662	137,770
US				
Corporate	982,527	3,846,246	1,067,755	3,871,770
Government	-	-	-	-
Equities				
Canadian	59,479,311	51,670,656	44,572,178	40,131,615
US	6,457,260	16,689,645	6,080,120	13,562,700
Canadian Preferred	3,373,676	3,373,146	2,765,162	2,727,703
US Preferred	1,089,885	3,261,831	1,182,803	3,298,455
Mutual Funds/ETFs				
Equity	33,926,329	34,589,287	32,976,777	32,808,342
Fixed Income	49,200,054	51,323,317	52,181,015	51,676,565
Preferred	26,089,415	26,376,716	28,777,760	26,761,025
Alternative	29,262,072	24,023,844	26,067,687	20,982,067
	$ 228,176,900	$ 229,963,783	$ 214,519,450	$ 211,072,423

11. 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, for pre-arranged services. When the services are performed, the Company withdraws the money held in the trust funds to pay for the merchandise and services.

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

	Fair value		Cost	
	March 31, 2022	December 31, 2021 *(Note 4)*	March 31, 2022	December 31, 2021 *(Note 4)*
Cash and cash equivalents	$ 27,087,925	$ 18,583,470	$ 27,087,690	$ 18,582,822
GIC's	26,726,088	26,174,084	26,726,088	26,174,084
Fixed Income				
Canadian				
Corporate	-	20,276	-	19,624
Government	-	18,254	-	18,419
US				
Corporate	5,633,169	8,889,255	5,647,765	8,826,965
Government	-	-	-	-
Equities				
Canadian	239,077	186,014	154,344	131,556
US	1,241,455	12,680,100	1,186,742	9,988,206
Canadian Preferred	6,061	-	6,818	-
US Preferred	247,530	2,310,949	266,700	2,274,136
Mutual Funds/ETFs				
Equity	95,902,387	102,369,827	107,078,994	104,864,670
Fixed Income	55,110,052	57,574,543	58,652,777	56,777,442
Preferred	-	-	-	-
Alternative	35,613,599	30,921,261	33,224,803	27,851,904
	$ 247,807,344	$ 259,728,034	$ 260,032,722	$ 255,509,829

12. PREARRANGED FUNERAL INSURANCE CONTRACTS

In addition to trust funded pre-arranged funeral service contracts, the Company also has pre-arranged funeral service contracts which are funded by insurance. As of March 31, 2022, the current face amount of pre-funded policies was $439,415,230 (as at December 31, 2021 – $437,843,714). Families who have pre-arranged 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 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.

13. GOODWILL AND INTANGIBLES

The changes in the carrying amount of goodwill and intangible assets as at March 31, 2022 were:

	January 1, 2022	Acquired in business combinations	Additions	Disposals	Foreign currency translation	March 31, 2022
Cost:						
Goodwill	$ 371,981,630	-	-	-	199,851	372,181,481
Non-compete agreements	14,545,690	-	-	-	6,716	14,552,406
Brand	25,901,500	-	-	-	-	25,901,500
Computer software	2,006,281	-	216,169	-	-	2,222,450
Total	414,435,101	-	216,169	-	206,567	414,857,837
Accumulated amortization:						
Non-compete agreements	5,556,101	-	349,149	-	2,585	5,907,836
Computer software	-	-	33,394	-	-	33,394
Total	5,556,101	-	382,543	-	2,585	5,941,229
Net book value	$ 408,879,000					$ 408,916,607

The changes in the carrying amount of goodwill and intangible assets as at December 31, 2021 were:

	January 1, 2021	Acquired in business combinations	Additions	Disposals	Foreign currency translation	December 31, 2021 *(Restated, Measurement Period Adjustment - See Note 7)*
Cost:						
Goodwill	$ 310,512,484	63,247,455	-	(1,848,344)	70,035	371,981,630
Non-compete agreements	9,989,074	4,555,026	-	-	1,590	14,545,690
Brand	16,161,000	9,740,500	-	-	-	25,901,500
Computer software	1,306,884	-	699,397	-	-	2,006,281
Total	337,969,442	77,542,981	699,397	(1,848,344)	71,625	414,435,101
Accumulated amortization:						
Non-compete agreements	4,156,991	-	1,399,161	-	(51)	5,556,101
Computer software	-	-	-	-	-	-
Total	4,156,991	-	1,399,161	-	(51)	5,556,101
Net book value	$ 333,812,451					$ 408,879,000

14. PREPAID EXPENSES AND OTHER ASSETS

	March 31, 2022	December 31, 2021 *(Note 4)*
Total current prepaid expenses and other assets	$ 3,676,209	$ 4,455,008

	March 31, 2022	December 31, 2021 *(Restated, Measurement Period Adjustment - see Note 7), (Note 4)*
Secured convertible debt investment	$ 4,957,520	$ 4,890,361
Prepaid expenses and other assets	512,345	1,018,308
Total non-current pre-paid expenses and other assets	$ 5,469,865	$ 5,908,669

i) Non-current pre-paid expenses and other assets

Included in non-current pre-paid expenses and other assets is a 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.

During the three month period ended March 31, 2022, the Company recognized an impairment on other assets of $153,972. The impairment was included in other income (expenses).

15. LONG-TERM DEBT

	March 31, 2022	December 31, 2021 (*Note 4*)
Revolving loan facility	$ 86,359,120	$ 86,019,782
Other debt	220,556	264,902
Deferred financing costs	(1,388,629)	(1,480,644)
Total	85,191,047	84,804,041
Current portion	137,046	168,148
Non-current portion	$ 85,054,001	$ 84,635,893

Revolving loan facility

On August 31, 2021, the Company entered into a third amended and restated credit agreement with a syndicate of lenders led by National Bank of Canada, to increase its overall borrowing capacity by C$50 million to C$300 million on a cost neutral basis with a maturity date of August 31, 2026 (as amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time, the "**Credit Facility**"). The Credit 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, the leverage ratio was increased to 3.75% for the 5 year term, and the Company has the ability, through a U.S. subsidiary, to borrow funds in U.S. dollars.

As at March 31, 2022, there was $86,359,120 outstanding under the Credit Facility (as at December 31, 2021 - $86,019,782). Deferred financing costs have been capitalized and are being amortized over the term of the Credit Facility. For the three month period ended March 31, 2022 and 2021, the amortization of deferred financing costs was $108,389 and $181,603, respectively. As at March 31, 2022, standby letters of credit issued utilizing $610,913 of the credit line (as at December 31, 2021 - $602,637).

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 pursuant to the Credit Facility and the Debentures (as defined in Note 18), in 2022 and 2021.

16. NOTES PAYABLE

	March 31, 2022	December 31, 2021 *(Note 4)*
Notes payable	$ 11,528,166	$ 12,902,127
Current portion	2,152,405	3,449,682
Non-current portion	$ 9,375,761	$ 9,452,445

Notes payable

i) The Company has an outstanding note payable of $989,032 (as at December 31, 2021 - $1,071,075) 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 $10,539,134 (as at December 31, 2021 - $11,831,052) 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.

	March 31, 2022	December 31, 2021 (Restated, Measurement Period Adjustment-see Note 7), (Note 4)
Future minimum lease payments		
Due in less than one year	$ 1,563,539	$ 1,213,029
Due between one and two years	1,359,410	979,673
Due between two and three years	1,024,560	763,574
Due between three and four years	912,812	745,556
Due between four and five years	753,591	717,317
Due thereafter	982,505	1,117,422
Total	6,596,417	5,536,572
Interest	(906,981)	(778,915)
Present value of minimum lease payments	5,689,435	4,757,657
Current portion	1,348,990	1,081,669
Non-current portion	$ 4,340,445	$ 3,675,988

Lease liabilities interest expense charged to operations amounted to $83,505 and $72,437 for the three month period ended March 31, 2022 and 2021, 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 C$75,000,000 aggregate principal amount of Debentures were issued at a price of C$1,000 per Debenture. PLC also granted the underwriters an option to purchase up to an additional C$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 C$86,250,000. The issuance included transaction costs of C$4,615,199 inclusive of C$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 June 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 March 31, 2022 consists of the following:

	March 31, 2022
Balance at December 31, 2021 *(Note 4)*	$ 65,237,067
Accretion expense in 2022	150,984
Foreign currency translation	897,805
Balance at March 31, 2022	$ 66,285,855

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 $965,569 and $965,923 for the three month period ended March 31, 2022 and 2021, respectively. Accretion expense amounted to $150,983 and $141,004 for the three month period ended March 31, 2022 and 2021, 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 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:

	March 31, 2022	December 31, 2021 *(Restated, Measurement Period Adjustment-see Note 7), (Note 4)*
Cemetery and funeral merchandise, lots, crypts, and niches	$ 92,846,634	$ 89,014,191
Cemetery and funeral services	67,685,643	69,060,425
Total	$ 160,532,277	$ 158,074,616

20. DIVIDENDS

The Company declared and paid cash dividends on a quarterly basis to shareholders. The total amount of dividends declared by the Company for the three month period ended March 31, 2022 and 2021 were $3,056,644 or C$0.114 per share and $2,670,234 or C$0.114 per share, respectively. On December 20, 2021, the Company announced that it moved from a monthly to a quarterly dividend payment schedule, with dividends to be declared on each of the Common Shares of the Company to shareholders of record on the last business day of each quarter, subject to approval of the Directors of the Company. The dividend rate will remain the same at C$0.114 per Common Share per quarter.

21. SHARE CAPITAL

Authorized

<u>Common shares</u>

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.

21. SHARE CAPITAL - continued

Shares issued and outstanding

	Number of Common Shares	Amount
Balance January 1, 2021	29,564,526	$ 388,447,668
Shares issued pursuant to:		
Dividend reinvestment plan (i)	91,600	2,442,205
Equity incentive plan (Note 23)	193,083	3,669,457
Prospectus financing, net of costs (ii)	4,081,000	114,452,233
Balance December 31, 2021 *(Note 4)*	33,930,209	509,011,563
Shares issued pursuant to:		
Dividend reinvestment plan (i)	7,303	214,621
Equity incentive plan (Note 23)	19,734	443,492
Acquisition of non-controlling interest (iii)	-	(270,556)
Balance March 31, 2022	33,957,246	$ 509,399,119

(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 VWAP of the 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 three month period ended March 31, 2022, 7,303 Common Shares were issued under the DRIP (for the year ended December 31, 2021 – 91,600).

(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 C$36.40 per Common Share for total of gross proceeds of C$148,548,400, including the exercise in full of the over-allotment option (the "2021 Financing"). The 2021 Financing included transaction costs of C$5,277,095 inclusive of C$367,500 in after tax management compensation. The Company recognized a deferred tax asset of C$1,902,626 from the transaction costs.

(iii) Acquisition of non-controlling interest

On January 25, 2022, the Company purchased an additional 20% of the issued and outstanding equity of one of its subsidiaries for a total consideration of $270,556. This transaction was accounted for as an equity transaction in accordance with IFRS 10 and attributed to the Company's equity holders.

22. FINANCE COSTS

	Three Months Ended March 31, 2022	2021 *(Note 4)*
Finance costs:		
Interest on revolving loan facility (Note 15)	$ 300,696	$ 598,932
Interest on senior unsecured debentures (Note 18)	965,569	965,923
Interest on mortgages, other debt and notes payable (Note 15 and 16)	138,155	105,427
Interest on lease liabilities (Note 17)	83,505	72,437
Amortization of deferred financing costs (Note 15)	108,389	181,603
Accretion expense on senior unsecured debentures (Note 18)	150,983	141,004
Interest capitalized to construction	(191,583)	(22,354)
Unrealized foreign exchange on finance costs	3,722	(34,609)
Total	$ 1,559,438	$ 2,008,363

Interest capitalized to construction relates to long-term inventory and property, plant and equipment construction projects.

23. 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 DSUs, RSUs, PSUs and 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.

Unless otherwise set forth in the particular award agreement, awards of all DSUs, RSUs and PSUs include a right for such awards to be credited 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.

23. EQUITY INCENTIVE PLAN - continued

Deferred share units

With the exception of the Chair of the Board, all non-executive 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. Non-executive directors will receive such equity in the form of DSUs. Provided, however, in lieu of DSUs, a non-executive 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 VWAP (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. Currently, the Board settle DSUs with the issuance of Common Shares. Subject to the terms of an award agreement, DSUs will vest immediately at the date of grant. DSUs will be granted to non-executive directors of the Company 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.

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

	March 31, 2022	December 31, 2021
Outstanding, beginning of the period	47,748	38,068
Awarded	2,948	14,095
Redemptions	-	(5,014)
Dividend equivalents	42	599
Outstanding, end of the period	50,738	47,748

Restricted share units

An 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.

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

23. EQUITY INCENTIVE PLAN – continued

Restricted share units - continued

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. Currently, the Board settles RSUs with the issuance of Common Shares.

Pursuant to the EIP, the following RSUs were granted by the Company and are outstanding. Each dividend equivalent represents one Common Share. As at March 31, 2022, 111,331 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 Common Shares on the date of issuance.

	March 31, 2022	December 31, 2021
Outstanding, beginning of the period	250,738	260,840
Awarded	-	171,933
Forfeited	-	(6,389)
Redemptions	(19,734)	(178,371)
Dividend equivalents	226	2,725
Outstanding, end of the period	231,230	250,738

23. EQUITY INCENTIVE PLAN – continued

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 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.

Pursuant to the EIP, the following PSUs were granted by the Company and are outstanding. Each dividend equivalent represents one Common Share. As at March 31, 2022, 24,072 of the awarded and outstanding PSUs have vested.

	March 31, 2022	December 31, 2021
Outstanding, beginning of the period	112,226	24,537
Awarded	-	86,632
Forfeited	-	-
Redemptions	-	-
Dividend equivalents	100	1,057
Outstanding, end of the period	112,326	112,226

Options and Performance 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 $15.97. 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.

On October 5, 2020, 80,000 performance Options were granted. The trading price of the Common Shares at the time of the grant was $21.06. The fair market value of the performance 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 performance Options were discounted using a Finnerty model, which assumed an estimated term of 7 years and a risk-free rate of 0.26%. The Performance Options were then adjusted for non-vesting performance conditions with a weighted average expectancy of 38%.

23. EQUITY INCENTIVE PLAN – continued

Options and Performance Options – continued

Grant Date	Expiry Date	Exercise Price	01-Jan-20	Granted	Exercised	Expired	Forfeited	31/03/2022	Vested	Unvested
May 30, 2019	June 30, 2023	$ 18.84	1,058,000	-	-	-	(378,000)	680,000	-	680,000
July 15, 2019	June 30, 2023	$ 21.76	320,000	-	-	-	-	320,000	-	320,000
May 21, 2020	May 21, 2025	$ 15.06	-	390,000	(8,333)	-	-	381,667	-	381,667
October 5, 2020	October 30, 2024	$ 20.88	-	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		$ 19.51	$ 16.05	$ 15.06	$ -	$ 18.84	$ 18.60	$ -	$ 18.60

The compensation expenses in respect of EIP awards amounted to $1,465,178 and $754,677 for the three month period ended March 31, 2022 and 2021, respectively. Included in the compensation expenses are $5,897 and $1,529 for the three month period ended March 31, 2022 and 2021, respectively, of legal and administrative fees related to the issuance of EIP awards. 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.

24. OTHER INCOME (EXPENSES)

	Three Months Ended March 31, 2022	2021 *(Note 4)*
Legal and other costs	$ (123,486)	$ (33,048)
Impairment on other assets (Note 14)	(153,972)	-
Gain (Loss) on sale of property and equipment (Note 9)	(19,032)	(8,962)
	$ (296,490)	$ (42,010)

Legal and other costs were $123,468 and $33,048 for the three month period ended March 31, 2022 and 2021, respectively. Legal and other costs relate to the preservation of certain historical investments and obligations associated with those investments, as well as, costs for the defense of intellectual property created by the Company.

25. RELATED PARTY TRANSACTIONS AND BALANCES

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 March 31, 2022	2021 *(Note 4)*
Directors' fees and management compensation	$ 2,102,219	$ 1,395,556

Directors' fees and management compensation included in share-based incentive were $925,899 and $317,805 for the three month period ended March 31, 2022 and 2021 respectively. As at March 31, 2022, included in accounts payable and accrued liabilities are directors' fees and management compensation of $508,828 (as at December 31, 2021 - $1,203,384).

26. 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 March 31, 2022, the fair value of the secured debt investment in Humphrey's (see Note 14) is valued under Level 3.

As at March 31, 2022, 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.

26. 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 March 31, 2022

	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	$ 13,444,680	$ 13,444,680	$ -	$ -	$ -	$ 13,444,680
Fixed Income						
Canadian						
Corporate	5,263,851	648,839	-	-	4,057,822	4,706,660
Government	139,662	165,031	-	-	-	165,031
US						
Corporate	1,067,755	982,527	-	-	-	982,527
Government	-	-	-	-	-	-
Equities						
Canadian	44,572,178	59,479,311	-	-	-	59,479,311
US	6,080,120	6,457,260	-	-	-	6,457,260
Canadian Preferred	2,765,162	3,373,676	-	-	-	3,373,676
US Preferred	1,182,803	1,089,885	-	-	-	1,089,885
Mutual Funds/ETFs						
Equity	32,976,777	33,926,329	-	-	-	33,926,329
Fixed Income	52,181,015	49,200,054	-	-	-	49,200,054
Preferred	28,777,760	26,089,415	-	-	-	26,089,415
Alternative	26,067,687	-	-	29,262,072	-	29,262,072
	$ 214,519,450	$ 194,857,007	$ -	$ 29,262,072	$ 4,057,822	$ 228,176,900

Care and maintenance trust fund investments at December 31, 2021
(Note 4)

	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	$ 9,918,598	$ 9,920,442	$ -	$ -	$ -	$ 9,920,442
Fixed Income						
Canadian						
Corporate	5,195,813	707,261	-	-	4,006,122	4,713,384
Government	137,770	175,269	-	-	-	175,269
US						
Corporate	3,871,770	3,846,246	-	-	-	3,846,246
Government	-	-	-	-	-	-
Equities						
Canadian	40,131,615	51,670,656	-	-	-	51,670,656
US	13,562,700	16,689,645	-	-	-	16,689,645
Canadian Preferred	2,727,703	3,373,146	-	-	-	3,373,146
US Preferred	3,298,455	3,261,831	-	-	-	3,261,831
Mutual Funds/ETFs						
Equity	32,808,342	34,589,287	-	-	-	34,589,287
Fixed Income	51,676,565	51,323,316	-	-	-	51,323,316
Preferred	26,761,025	26,376,716	-	-	-	26,376,716
Alternative	20,982,067	-	-	24,023,844	-	24,023,844
	$ 211,072,423	$ 201,933,817	$ -	$ 24,023,844	$ 4,006,122	$ 229,963,783

26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - continued

Fair value of financial instruments – continued

Pre-need merchandise and service trust fund investments at March 31, 2022

	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	$ 27,087,690	$ 27,087,925	$ -	$ -	$ -	$ 27,087,925
GIC's	26,726,088	26,726,088	-	-	-	26,726,088
Fixed Income						
Canadian						
Corporate	-	-	-	-	-	-
Government	-	-	-	-	-	-
US						
Corporate	5,647,765	5,633,169	-	-	-	5,633,169
Government	-	-	-	-	-	-
Equities						
Canadian	154,344	239,077	-	-	-	239,077
US	1,186,742	1,241,455	-	-	-	1,241,455
Canadian Preferred	6,818	6,061	-	-	-	6,061
US Preferred	266,700	247,530	-	-	-	247,530
Mutual Funds/ETFs						
Equity	107,078,994	95,902,387	-	-	-	95,902,387
Fixed Income	58,652,777	55,110,052	-	-	-	55,110,052
Preferred	-	-	-	-	-	-
Alternative	33,224,803	-	-	35,613,599	-	35,613,599
	$ 260,032,722	$ 212,193,744	$ -	$ 35,613,599	$ -	$ 247,807,344

Pre-need merchandise and service trust fund investments at December 31, 2021
(Note 4)

	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	$ 18,582,822	$ 18,583,470	$ -	$ -	$ -	$ 18,583,470
GIC's	26,174,084	26,174,084	-	-	-	26,174,084
Fixed Income						
Canadian						
Corporate	19,624	20,276	-	-	-	20,276
Government	18,419	18,254	-	-	-	18,254
US						
Corporate	8,826,965	8,889,255	-	-	-	8,889,255
Government	-	-	-	-	-	-
Equities						
Canadian	131,556	186,014	-	-	-	186,014
US	9,988,206	12,680,100	-	-	-	12,680,100
Canadian Preferred	-	-	-	-	-	-
US Preferred	2,274,136	2,310,949	-	-	-	2,310,949
Mutual Funds/ETFs						
Equity	104,864,670	102,369,827	-	-	-	102,369,827
Fixed Income	56,777,442	57,574,543	-	-	-	57,574,543
Preferred	-	-	-	-	-	-
Alternative	27,851,904	-	-	30,921,261	-	30,921,261
	$ 255,509,829	$ 228,806,773	$ -	$ 30,921,261	$ -	$ 259,728,034

26. 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.

27. 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.

Construction commitments

The Company has 15 construction commitments with the remaining balance of $11,646,441, 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 $23,171,416 on these construction commitments in progress.

28. 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.

28. SEGMENTED INFORMATION - continued

Geographic information

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

	March 31, 2022	December 31, 2021 *(Restated, Measurement Period Adjustment-see Note 7), (Note 4)*
Canada	$ 181,006,516	$ 173,651,091
United States	1,131,345,852	1,151,059,468
Total	$ 1,312,352,368	$ 1,324,710,559

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

Geographic information - continued

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021 *(Note 4)*
Net revenue:		
Net sales:		
Canada	$ 7,136,057	$ 7,696,133
United States	72,727,963	59,659,794
Total net sales	79,864,020	67,355,927
Income from care and maintenance funds:		
Canada	912,159	871,359
United States	1,429,323	1,122,139
Total income from care and maintenance funds	2,341,482	1,993,498
Interest income:		
Canada	81,160	408,721
United States	886,635	998,015
Total interest income	967,795	1,406,736
Total net revenue:		
Canada	8,129,376	8,976,213
United States	75,043,921	61,779,948
Total net revenue	$ 83,173,297	$ 70,756,161

29. SUBSEQUENT EVENTS

On April 18, 2022, the Company completed the acquisition of substantially all of the assets of Chancellor Funeral Home and Garden of Memories ("Chancellor"), a business consisting of one stand-alone funeral home and one combination funeral home and cemetery property located in Byram and Florence, Mississippi, respectively. The transaction was financed with available cash on hand.

On May 4, 2022, the Company entered into a definitive agreement to acquire substantially all of the assets of Hudson Funeral Home & Cremation Services ("Hudson"), a business consisting of one stand-alone funeral home located in Durham, North Carolina. The Hudson transaction is anticipated to close in early June 2022 following receipt of regulatory approval.

30. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the March 31, 2022 unaudited condensed interim consolidated financial statements with no effect on our previously reported results of operations, consolidated financial position, or cash flows.

PARK LAWN CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Quarter Ending March 31, 2022

Contents

The following Management's Discussion and Analysis (this "**MD&A**") provides a review of corporate and market developments, results of operations and financial position of Park Lawn Corporation ("**PLC**" or the "**Company**") for the three month period ended March 31, 2022. This discussion should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and accompanying notes for the three month period ended March 31, 2022, together with the Company's audited consolidated financial statements and MD&A for the year ended December 31, 2021 and the accompanying notes contained therein. Information contained in this MD&A is based on information available to management as of May 12, 2022. Unless otherwise stated, all amounts discussed herein are denominated in U.S. dollars.

Forward-Looking Information

All information other than statements of current and historical fact contained in this MD&A is forward-looking information. In certain cases, forward-looking information can be identified by the use of words such as "plans", "expects", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes", "aspirational", "targets", "goals", "objectives", "aims" or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will", "occur" or "be achieved", and similar words or the negative thereof. The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement.

Forward-looking information in this MD&A includes, but is not limited to, statements regarding the impact of COVID-19 on the Company's business, the Company's expectation that it will modestly exceed its existing growth targets by the end of 2022, the Company's aspirational growth targets for the end of 2026, the EBITDA (as defined below) multiples that the Company generally expects to pay for acquisitions, future earnings generated by recent acquisitions completed by the Company, expected synergies of acquisitions completed by the Company, the Company's business generally, future development and construction, future financial position and business strategy, the deathcare industry, potential acquisitions, potential business partnering, litigation, the ability of the Company to procure additional sales from new and existing customers, and the Company's plans and objectives. By its nature, forward-looking information is inherently uncertain, is subject to risk and is based on numerous assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from the Company's expectations expressed in, or implied by, such forward-looking statements and that our business outlook, objectives, plans and strategic priorities may not be achieved. These statements are not guarantees of future performance or events, and readers are cautioned against relying on any of these forward-looking statements. Forward-looking statements are presented in this MD&A for the purpose of assisting investors and others in understanding PLC's objectives, strategic priorities and business outlook as well as its anticipated operating environment. Readers are cautioned, however, that such information may not be appropriate for other purposes. The Company has made certain economic, market and operational assumptions in preparing the forward-looking statements in this MD&A, including those set out under the heading "Outlook" in PLC's management's discussion and analysis for the second quarter of 2018 (filed on SEDAR on August 14, 2018), and that the risk mitigation strategies undertaken with respect to COVID-19 will be effective, recent acquisitions will perform as expected, PLC will be able to implement business improvements and achieve cost savings, PLC will be able to retain key personnel, there will be no unexpected expenses occurring as a result of the pending or completed acquisitions, multiples will remain at or below levels paid by PLC for previously announced acquisitions, the Canadian dollar to United States dollar exchange rate will remain consistent, the acquisition and financing markets will remain accessible, capital can be obtained at reasonable costs and PLC's current business lines will operate and obtain synergies as expected, as well as risks and assumptions regarding present and future business strategies, the environment in which the Company will operate in the future, expected revenues, expansion plans and the Company's ability to achieve its goals. Although management of the Company believes that the expectations represented in such forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. If PLC's assumptions turn out to be inaccurate, its actual results could be materially different from what it expects.

The future outcomes that relate to forward-looking information may be influenced by many factors that could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking information, including, but not limited to, risks associated with the COVID-19 pandemic and the adverse effects from the measures implemented or to be implemented as a result thereof, including labour shortages, supply chain disruptions, as well as other pandemic, epidemic and health risks; the impact of inflation on the Company's business; risks associated with the Company's growth strategy; risks associated with the geographic concentration of the Company's operations; risks associated with the Company's reliance on key personnel; risks associated with the potential to maintain effective internal controls over financial reporting; tax related risks; risks associated with the Company's non-controlled interests; risks associated with relations with the Company's unionized and non-unionized employees; risks associated with self-insurance and insurance coverage and limits; risks associated with the Company's fixed operating costs; risks associated with changing consumer preferences; risks associated with the increasing number of cremations; risks associated with litigation and professional liability practice claims; risks associated with competition in the industry and markets in which the Company operates; risks associated with the capital expenditure requirements of the Company's business; risks associated with unexpected volatility as a result of political conflict; regulatory risks; environmental and health and safety risks; cybersecurity risks and the other risk factors described under the heading "Risk Factors" in the Company's most recent Annual Information Form. The Company cautions that such a list of factors is not exhaustive, and other factors could also materially adversely affect its performance. When relying on forward-looking information to make decisions with respect to the Company, readers should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking information.

Forward-looking statements, including those set out under the heading "Update on PLC's Aspirational Targets", in PLC's Management's Discussion and Analysis for the year ending December 31, 2021 (filed on SEDAR on March 3, 2022) and contained in this MD&A for periods beyond 2022 involve longer-term assumptions and estimates than forward-looking statements for 2022 and are consequently subject to greater uncertainty. In particular, in addition to the assumptions set forth above, the Company's long-term aspirational growth targets of achieving: (a) a total of $150 million of pro forma Adjusted EBITDA and (b) achieving Adjusted Net Earnings Per Share exceeding $2.00 by the end of 2026 assumes: the Company will have the ability to continue to acquire premier independent businesses in both new and existing markets, and to obtain the financing required to complete such transactions; the pursuit of acquisition opportunities in high-growth markets at a rate of $75-$125 million per year; recent and future acquisitions performing as expected; multiples remain at or below levels paid by PLC for previously announced acquisitions; acquisition and financing markets remaining accessible; the Company will continue to effectively integrate the strategic partners and acquired businesses into the Company's existing operations; the continued high performance of the Company's existing business operations; that PLC will continue to capitalize on ongoing operational improvements to both existing and acquired businesses through the full implementation, deployment and integration of PLC's proprietary industry software, organic growth opportunities and the expansion and addition of new inventory at PLC's existing cemetery properties. However, there can be no assurance that the Company will be able to identify suitable strategic partners or acquisition targets, to negotiate acceptable terms for such transactions, to obtain the financing required, to effectively implement any strategic partners or acquired businesses into the Company's existing operations, or to capitalize on ongoing operational improvements, with the result that the actual nature and value of the aspirational growth targets, as well as the timing thereof, could materially differ from current expectations. Forward-looking statements for periods beyond 2022 further assume, unless otherwise indicated, that the competitive, regulatory, operational, financial and other risks described above and under the heading "Risk Factors" in the Company's most recent Annual Information Form will remain substantially unchanged during such periods, except for an assumed improvement in the risks related to the COVID-19 pandemic and general economic conditions in future years.

There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Forward-looking information is provided as of the date of this MD&A or such other date specified herein, and the Company assumes no obligation to update or revise such forward-looking information to reflect new events or circumstances, except as required under applicable securities laws.

Additional risks and uncertainties not currently known to the Company or that it currently deems to be immaterial may also have a material adverse effect on its business, financial condition, liquidity, financial results or reputation. From time to time, it considers potential acquisitions, dispositions, mergers, business combinations, investments, monetizations, joint ventures and other transactions, some of which may be significant. Except as otherwise indicated by PLC, forward-looking statements do not reflect the potential impact of any such transactions or of special items that may be announced or that may occur after the date hereof. The financial impact of these transactions and special items can be complex and depends on facts particular to each of them. PLC therefore cannot describe the expected impact in a meaningful way, or in the same way it presents known risks affecting its business.

Financial Statements, Accounting Policies and Critical Estimates

The Company's unaudited condensed interim consolidated financial statements for the period ended March 31, 2022, and accompanying notes (the "**Notes**") have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board, and are presented in U.S. dollars, except where otherwise indicated. The Company's significant accounting policies and critical accounting estimates are summarized in Note 2 and Note 3, respectively, to its audited annual consolidated financial statements for the year ended December 31, 2021. Other than as disclosed in Note 4 of the March 31, 2022 unaudited condensed interim consolidated financial statements, there have been no material changes in the Company's significant accounting policies or critical accounting estimates during the period ended March 31, 2022.

Consolidation

The Company's unaudited condensed interim consolidated financial statements for the period ended March 31, 2022 include the accounts of the Company and its subsidiaries. All significant accounts and transactions between consolidated entities are eliminated. A minority interest held by any party in a business that the Company controls is reflected as "non-controlling interest" in the unaudited condensed interim consolidated financial statements.

Currency

The unaudited condensed interim consolidated financial statements are presented in U.S. dollars ("USD") unless otherwise indicated.

Effective January 1, 2022, the Company changed its presentation currency from the Canadian dollars ("CAD") to USD to better reflect the Company's business activities and provide more relevant reporting of the Company's financial position, given the significant portion of the Company's revenues, expenses, cash flows and assets that are USD denominated. The financial statements of entities with a functional currency that is not USD have been translated into USD in accordance with IAS 21 - *The Effects of Changes in Foreign Exchange Rates*. All comparative period amounts included in this MD&A have been restated to reflect the change in presentation currency. Further details are provided in Note 4 of the financial statements - Changes in Accounting Policies.

The following table provides the CAD:USD average exchange rates for the three months ended March 31, 2022, and 2021, as well as period end exchange rates for each of the aforementioned periods, which were used to restate comparative figures.

USD/CAD Exchange Rate	Three month period ended,		Year ended
	March 31, 2022	March 31, 2021	December 31, 2021
Closing rate at the reporting date	0.7996	0.7952	0.7888
Average rate for the period	0.7896	0.7899	0.7978

The average exchange rates in the table above apply to entities that are owned for the entire period or year end. For entities acquired during the year, an average exchange rate is calculated from their acquisition date to the period end date. The period end exchange rate is the same for all entities owned at the period or year end.

Description of non-IFRS measures

Management uses both IFRS and non-IFRS measures to monitor and assess the Company's operating performance. Non-IFRS measures adjust for the impact of certain expenses and income that have been recognized under IFRS when analyzing operating performance. Management believes that the excluded items are not reflective of the Company's underlying operating performance and make comparisons of underlying financial performance between periods difficult. As such, management believes that non-IFRS measures may be useful to investors and other third parties because they allow for greater transparency with respect to key metrics used by the Company in its financial and operational decision making.

These non-IFRS measures are intended to provide additional information and should not be considered in isolation nor as a substitute for measures of performance prepared in accordance with IFRS. In this MD&A, management uses the following measures, which are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are unlikely to be comparable to similar measures presented by other organizations:

- **Adjusted Net Earnings** – The Company defines Adjusted Net Earnings as net earnings adjusted for non-recurring, one-time or non-cash income or expense, and other items. The Company uses Adjusted Net Earnings to assist in evaluating its operating performance. The Company believes that this non-IFRS measure provides meaningful supplemental information to investors and other third parties regarding operating results because it excludes certain income or expense items that are non-cash in nature and/or do not relate to core operating activities of the Company's underlying business and which may not be indicative of the Company's future financial results.

  The adjustments may include, but are not limited to, the after-tax impact of acquisition and integration costs, share based compensation, amortization of intangibles and other income (expenses).

  Please see – "Discussion of Operating Results - Adjusted Net Earnings" below for a reconciliation of the Company's net earnings to Adjusted Net Earnings.

- **EBITDA** - The Company defines EBITDA as earnings from operations before finance costs, taxes, depreciation and amortization (including amortization of tangible and intangible assets and amortization of cemetery property). The Company believes EBITDA to be an important measure that allows investors and other third parties to assess the operating performance of its ongoing business and to compare its results to prior periods and to the results of its competitors.

  The Company's cemetery property inventory is acquired or constructed over many years, if not decades, in advance of its sale. The cash associated with this investing activity is a cash outflow in the period in which the inventory is acquired or constructed and classified as investing activities in the Company's consolidated statement of cash flows. As sales occur, the Company draws down its inventory by making a non-cash charge to cost of goods sold.

Please see the "Discussion of Operating Results - EBITDA and Adjusted EBITDA" and "Unaudited Quarterly Information" below for a reconciliation of the Company's earnings from operations to EBITDA.

- **Adjusted EBITDA** - Adjusted EBITDA is EBITDA adjusted for non-cash share based compensation. The Company believes that the inclusion of Adjusted EBITDA also provides useful supplementary information to investors and other third parties that allows them to assess the operating performance of the Company's ongoing business and to compare its results to prior periods and to the results of its competitors.

  Please see the "Discussion of Operating Results - EBITDA and Adjusted EBITDA" and "Unaudited Quarterly Information" below for a reconciliation of the Company's EBITDA to Adjusted EBITDA.

- **Adjusted EBITDA Margin** – the Company calculates Adjusted EBITDA Margin as Adjusted EBITDA as a percentage of total net revenue. The Company believes the Adjusted EBITDA Margin helps to assess the operating performance of the Company and to compare its results to prior periods and to the results of its competitors.

- **Free Cash Flow** - Free Cash Flow is defined as cash provided by (used in) operating activities less maintenance capital expenditures to maintain its existing operations, inventory additions to its cemetery properties, and lease payments. The Company believes that the inclusion of Free Cash Flow is useful as it relates cash flow from operations to the capital that is spent to continue and improve business operations. Free Cash Flow facilitates our ability to strengthen the Company's balance sheet, repay our debt obligations, pay cash dividends, and fund organic growth initiatives and acquisitions.

  Please see "Dividends and Free Cash Flow" below for a reconciliation of the Company's earnings from operations to Free Cash Flow.

- **Comparable Operations** – consists of business units or operating locations owned by the Company for the entire period from January 1, 2021 and ending March 31, 2022.

- **Acquired Operations** – consists of business units or operating locations acquired by the Company during the period from January 1, 2021 and ending March 31, 2022.

- **Total Debt** – consists of the aggregate of the book value of long-term debt, notes payable, lease liabilities and senior unsecured debentures, plus associated deferred financing costs and debt issuance costs.

- **Leverage Ratio** – is defined in the third amended and restated credit agreement between the Company and a syndicate of lenders led by National Bank of Canada, dated August 31, 2021 (as amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time, the "**Credit Facility**"), and is calculated as total indebtedness to trailing twelve months Adjusted EBITDA. Total indebtedness as defined in the Credit Facility, includes the face value of bank debt, mortgages, vehicle loans, notes payable, lease liabilities and letters of credit, and is offset by cash on hand. Trailing twelve months Adjusted EBITDA is calculated in accordance with the Credit Facility and includes Adjusted EBITDA for Acquired Operations in the period relative to a 12-month period (or pro-rated as necessary) prior to acquisition by the Company.

This non-IFRS measure helps to assess the Company's ability to repay the principal of its total indebtedness and assess the Company's use of leverage in the performance of the Company's operations.

- **Interest Coverage Ratio** – is calculated as the ratio of trailing twelve months Adjusted EBITDA to interest expense. The Interest Coverage Ratio is defined by and calculated in accordance with the Credit Facility.

  This non-IFRS measure helps to assess the Company's ability to service its ongoing interest payments.

Overview

PLC is an Ontario corporation listed on the Toronto Stock Exchange under the stock symbol of "PLC" and "PLC.U", its U.S. denominated ticker symbol, under which purchases and sales of common shares of the Company ("**Common Shares**") can be made in U.S. dollars. PLC is the only Canadian publicly listed cemetery, funeral and cremation operating company.

The Company is one of the largest providers of deathcare products and services in North America. The Company sells its products and services both at the time of need (at-need) and on a pre-arranged basis (pre-need). As at March 31, 2022, PLC operated in 3 Canadian provinces and 16 U.S. states. As at May 12, 2022, the Company and its subsidiaries operate 136 cemeteries and 140 funeral homes (including 30 on-sites, where a funeral home is located on a cemetery), each of which services different areas and provides a different combination of products and services. The Company's primary products and services are cemetery lots, crypts, niches, monuments, caskets, urns and other merchandise, funeral services, after life celebration services, and cremation services.

PLC strives to be North America's premier funeral, cremation and cemetery provider, and the indisputable choice for funeral and cemetery services in the communities it serves. The Company's growth strategy includes organic initiatives, the optimization of product and service offerings, a focus on streamlining and improving its operational efficiencies, and future acquisitions which align with the Company's culture. Organic initiatives include the build-out of inventory at new or existing cemetery properties, remodeling of existing funeral homes, construction of new stand-alone funeral homes and construction of new funeral homes on existing cemetery properties (referred to as on-sites or combination properties). These projects unlock new sources of revenue for existing businesses while increasing the useful life of PLC's existing portfolio by allowing certain facility, personnel, and equipment costs to be shared between funeral service and cemetery locations.

Potential industry and economic factors affecting PLC's operating results include: disruptions in the supply chain, which have led to increased lead times and in some cases, increases in cost in the Company's supply base; rising economic inflation rates; general market downturn; the Russia-Ukraine conflict; staff shortages; demographic trends in terms of population growth and average age; establishing and maintaining leading market share positions supported by strong local heritage and relationships; effectively responding to increasing cremation trends by selling complementary services and merchandise; and controlling salary and merchandise costs.

During the quarter ended March 31, 2022, PLC's operating performance continued to normalize as the COVID-19 pandemic has started to become endemic and, further, as a result of PLC's operational execution and the easing of government restrictions related thereto. As a result, the adverse impacts of the COVID-19 pandemic on PLC's sequential and year-over-year performance were reduced. Additionally, PLC has, over time, continued to develop and refine many aspects of its business to better operate in this challenging environment, including enhanced safety protocols and procedures designed for working with any deceased who may have been infected by COVID-19, safety protocols and procedures in regard to its interactions with customers to protect the health and safety of all concerned, web broadcasting of funeral services and other alternatives to traditional visitations and services and the implementation of different strategies and technologies such as virtual meeting platforms to discuss and arrange service and product offerings with clients. Due to the various measures PLC implemented, and the great work of its people, the COVID-19 pandemic has not, to date, had a materially negative impact on the overall financial performance of the business and the Company experienced an increase in services performed in COVID-19 hot spots as well as from a renewed interest in celebrating life. Further, the Company also observed an increase in the pre-planning of funeral and burial services. However, due to uncertainties relating to the severity and duration of the COVID-19 pandemic, including existing and possible future variants, and various potential outcomes, it is difficult at this time to estimate the impacts of the COVID-19 pandemic on PLC's business or future financial results and related assumptions. The Company's business and financial results could be significantly and negatively impacted in future periods. The extent to which the COVID-19 pandemic may adversely impact

PLC will depend on future developments that are difficult to predict, including the effective distribution of approved vaccines and treatments, and the potential development and distribution of new vaccines and treatments, as well as new information which may emerge concerning the severity, duration and resurgences of the COVID-19 pandemic and the actions required to contain the coronavirus or remedy its impacts, among others.

Financial Highlights

The table below summarizes selected financial information for the three month period ended March 31, 2022, and the relevant comparable period:

	March 31, 2022	December 31, 2021	December 31, 2020
Cash	$ 30,702,084	$ 20,785,798	$ 24,721,246
Total Assets	$ 1,405,480,285	$ 1,407,082,553	$ 1,202,118,574
Total Non-current liabilities	$ 815,038,936	$ 823,436,225	$ 758,353,878
Total Debt [(1)]	$ 172,478,188	$ 171,504,908	$ 190,576,902
Total Shareholder's Equity	$ 547,112,010	$ 540,033,450	$ 403,314,399
Number of Shares Issued and Outstanding	34,795,204	33,930,209	29,564,526
Quarterly Dividend Paid per Share (CAD)	$ 0.114	$ 0.114	$ 0.114
Leverage Ratio	0.87x	0.98x	1.55x
Interest Coverage Ratio	33.09x	30.63x	12.45x

[(1)] Total Debt – consists of the aggregate of the book value of long term debt, notes payable, lease liabilities and senior unsecured debentures, each as shown on the consolidated statement of financial position of the Company for the three month period ended March 31, 2022 (being an aggregate of $168,694,504), plus associated deferred financing costs of $1,388,629 and debt issuance costs of $2,395,055 and for the year ended December 31, 2021 (being an aggregate of $167,478,226), plus the face amount of deferred financing costs of $1,480,644 and debt issuance costs of $2,546,038.

	Three Months Ended March 31, 2022	2021	Increase(decrease)
Net Revenue	$ 83,173,297	$ 70,756,161	$ 12,417,136
Earnings From Operations	$ 13,400,379	$ 11,905,756	$ 1,494,623
Net Earnings, PLC shareholders	$ 8,702,018	$ 7,704,812	$ 997,206
Adjusted Net Earnings, PLC shareholders	$ 11,176,862	$ 9,514,232	$ 1,662,630
Adjusted EBITDA, PLC shareholders	$ 21,415,073	$ 19,150,167	$ 2,264,906
Adjusted EBITDA Margin	25.7%	27.2%	(150) bps
Net Earnings Per Share - Basic	$ 0.255	$ 0.258	$ (0.003)
Net Earnings Per Share - Diluted	$ 0.250	$ 0.256	$ (0.006)
Adjusted Net Earnings Per Share - Basic	$ 0.327	$ 0.319	$ 0.008
Adjusted Net Earnings Per Share - Diluted	$ 0.321	$ 0.316	$ 0.005
Adjusted EBITDA Per Share - Basic	$ 0.627	$ 0.642	$ (0.015)
Adjusted EBITDA Per Share - Diluted	$ 0.615	$ 0.636	$ (0.020)
Weighted Average Number of Common Shares			
Basic	34,163,346	29,841,755	4,321,591
Diluted	34,795,204	30,122,589	4,672,615

Adjusted Net Earnings, Adjusted EBITDA and Adjusted EBITDA Margin are non-IFRS measures.
See "Description of non-IFRS measures".

First Quarter Summary

The following points summarize PLC's financial and operational highlights from Q1 2022:

- For the three month period ended March 31, 2022, net revenue increased by 17.5% to 83,173,297, compared to the three month period ended March 31, 2021.
- For the three month period ended March 31, 2022, net revenue from Comparable Operations increased by 0.6% over the three month period ended March 31, 2021.
- Net earnings attributable to shareholders of PLC (the "**Shareholders**") increased by 12.9% to $8,702,018 for the three month period ended March 31, 2022, compared to the three month period ended March 31, 2021.
- Net earnings margin for the three month period ended March 31, 2022 was 10.5% compared to a 10.9% margin for the three month period ended March 31, 2021.
- Diluted net earnings per Common Share to Shareholders decreased by $0.006 or 2.2% for the three month period ended March 31, 2022, compared to the three month period ended March 31, 2021.
- Diluted Adjusted Net Earnings per Common Share to Shareholders increased by $0.005 or 1.6% for the three month period ended March 31, 2022, compared to the three month period ended March 31, 2021.
- Adjusted EBITDA to Shareholders increased by 11.8% to $21,415,073 for the three month period ended March 31, 2022, compared to the three month period ended March 31, 2021.
- Adjusted EBITDA margin for the three month period ended March 31, 2022 was 25.7%, a 150 bps decrease over the comparable period in 2021.
- As at March 31, 2022, the Company's Leverage Ratio was 0.87x, and inclusive of the Company's outstanding debentures was 1.69x.
- The Company's Interest Coverage Ratio increased 16.28x from March 31, 2021, to 33.09x at March 31, 2022, and inclusive of interest from the Company's outstanding debentures totaled 12.99x, as of March 31, 2022.
- At March 31, 2022, the Company had $86,970,033 outstanding on the Credit Facility (as hereinafter defined) including letters of credit and an undrawn balance of $152,909,967.

Subsequent Events

On April 18, 2022, the Company acquired substantially all of the assets of Chancellor Funeral Home and Garden of Memories ("**Chancellor**"), a business consisting of one stand-alone funeral home and one combination funeral home and cemetery property located in Byram and Florence, Mississippi.

Highlights of the transaction include:

- The addition of one stand-alone funeral home and cemetery property.
- The transaction represents 383 calls and 45 interments per year.
- Following integration, the Chancellor acquisition is expected to add approximately $1.25 million in EBITDA.
- The transaction was financed with available cash on hand.

On May 4, 2022, the Company entered into a definitive agreement to acquire substantially all of the assets of Hudson Funeral Home & Cremation Services ("**Hudson**"), a business consisting of one stand-alone funeral home located in Durham, North Carolina. Highlights of the transaction include:

- The addition of one stand-alone funeral home.
- The transaction represents 341 calls per year and is expected to be financed with funds from PLC's credit facility and available cash on hand.
- Following the closing and integration, the Hudson acquisition is expected to add approximately $832,000 in Adjusted EBITDA.
- The agreed upon purchase price multiple for the transaction is within PLC's publicly-stated targeted Adjusted EBITDA multiple range for transactions of this size and nature.

The Hudson transaction is anticipated to close in early June 2022 following the receipt of regulatory approval.

Discussion of Operating Results

Three Months ended March 31, 2022

Net Revenue

Net revenue for the three month period ended March 31, 2022, was $83,173,297 compared to $70,756,161 in the same period in 2021. This represents an increase of $12,417,136 or 17.5%, over the same period in 2021.

Net revenue is derived primarily from net sales of property, merchandise and services by the Company's cemetery, funeral and cremation businesses. Net revenue and cost of sales for the three month period ended March 31, 2022, and 2021 are as follows:

	March 31, 2022	March 31, 2021
Net sales	$ 79,864,020	$ 67,355,927
Income from care and maintenance funds	2,341,482	1,993,498
Interest income	967,795	1,406,736
Net revenue	83,173,297	70,756,161
Cost of sales	13,678,317	11,252,397
Net revenue less cost of sales	$ 69,494,980	$ 59,503,764

Net revenue for the three month period ended March 31, 2022 were $83,173,297 compared to $70,756,161 in the same period of 2021. This represents an increase of $12,417,136 or 17.5%, over the same period in 2021. Net revenue increased 18.0% due to Acquired Operations, including the Wichmann, West and Williams businesses, offset by a decrease due to the disposition of the Company's Manitoba and Saskachawan businesses all during the three month period ended June 30, 2021. Net revenue from Comparable Operations increased by 0.6% when compared to the same period in 2021. Comparable Operations for the first quarter of 2022 experienced a 7% increase in average revenue per call compared to the three month period ended March 31, 2021 due to families continued desire to memorialize loved ones, as well as, pricing changes made in the normal course. Additionally, Comparable Operations call volumes decreased approximately 2% year-over-year and lower cemetery sales which experienced a 13.4% decrease in merchandise and services sales. The decrease in merchandise and services sales was in-part due to lengthening in lead times of post-sale merchandise as merchandise has been ordered by suppliers but not yet received and delivered to customers.

Income from the Care and Maintenance Trust Funds for the three month period ended March 31, 2022, was $2,341,482 compared to $1,993,498 in the same period of 2021, which represents an increase of $347,984 or 17.5%. This increase is primarily driven from Comparable Operations which increased $183,964 due to increased corpus year-over-year and Acquired Operations, which contributed $164,020 of additional income.

Interest income for the three month period ended March 31, 2022, was $967,795 compared to $1,406,736 in the same period in 2021, which represents a decrease of $438,941 or 31.2%. Interest income decreased by $316,319 due to a loan relating to a land investment being repaid during the three month period ended March 31, 2021.

Cost of sales for the three month period ended March 31, 2022, was $13,678,317 compared to $11,252,397 in the same period in 2021. This represents an increase of $2,425,920 or 21.6%, over the same period in 2021. Cost of sales increased by 14.6% as a result of Acquired Operations.

Operating Expenses

Operating expenses for the three month period ended March 31, 2022, were $56,094,601 compared to $47,598,008 in the same period in 2021. This represents an increase of $8,496,593 or 17.9% over the same period in 2021, as indicated below:

	March 31, 2022	**March 31, 2021**
General and administrative	$ 38,662,676	$ 30,602,899
Amortization of intangibles	382,543	466,562
Maintenance	6,288,115	5,669,618
Advertising and selling	7,736,651	8,095,889
Finance costs	1,559,438	2,008,363
Share based incentive compensation	1,465,178	754,677
	$ 56,094,601	$ 47,598,008

A majority of the increase in operating expenses compared to the same period in 2021 was due to increases in general and administrative expenses from both Comparable and Acquired Operations.

The Company's general and administrative expenses increased primarily as a result of the Acquired Operations, expenses of which totaled $6,234,090. Additional increases of $1,825,687 were primarily a result of increases in general corporate costs, which increased by $1,020,569. Increases in corporate costs were primarily associated with recent and expected growth of the Company, increases in conferences, seminars and travel as restrictions related to the pandemic continued to ease.

Advertising and selling expenses decreased by $359,238. Advertising and selling expenses from Comparable Operations decreased by $885,473 primarily due to less commissions expense associated with cemetery sales and reorganizing of incentive plans at certain businesses, offset in-part by an additional $526,235 from Acquired Operations.

Maintenance expenses increased by $618,497 or 10.9% primarily due to Acquired Operations which incurred $393,898 of maintenance expenses in the three month period ended March 31, 2022.

Finance costs for the three month period ended March 31, 2022, primarily include interest expense on the Credit Facility and interest expense on the Debentures. Finance costs decreased by $448,925 for the three month period ended March 31, 2022, compared to the same period in 2021 as a result of $23,671,496 less debt outstanding on the Company's Credit Facility year-over-year. Proceeds from the 2021 Financing (as defined herein) were used to pay down the Credit Facility to free up capacity to fund potential future acquisitions and organic growth opportunities and for general corporate purposes.

The Company's equity incentive plan (the "**EIP**") was established in the second quarter of 2016, as a means of compensating directors and designated employees of the Company and its subsidiaries, and of promoting share ownership and alignment with Shareholders' interests. The EIP provides for the grant of deferred share units ("**DSUs**"), restricted share units ("**RSUs**"), performance share units ("**PSUs**"), and options to acquire Common Shares ("**Options**"). The EIP was amended in May of 2019 and subsequently in June of 2020. Compensation expenses associated with these units for the three month period ended March 31, 2022, was $1,465,178 compared to $754,677 for the same period in 2021, which represents an increase of $710,501. Share-based incentive compensation expenses will vary based on vesting conditions, performance metrics, the market value of the underlying security, and the timing of when awards are issued. For the three month period ended March 31, 2022, compensation expenses increased by $401,399 due to shares vesting based on performance conditions being met, and $337,662 due to additional RSUs issued during the fourth quarter of 2021, over the three month period ended March 31, 2021.

As a result of the above, earnings from operations for the three month period ended March 31, 2022 totaled $13,400,379 compared to $11,905,756 for the same period in 2021. This represents an increase of $1,494,623 or 12.6%.

Other income and expenses for the three month period ended March 31, 2022, and 2021 are as follows:

	March 31, 2022	**March 31, 2021**
Earnings from operations	$ 13,400,379	$ 11,905,756
Acquisition and integration costs	(1,113,839)	(924,838)
Other income (expenses)	(296,490)	(42,010)
Earnings before income taxes	11,990,050	10,938,908
Income tax expense	3,288,032	3,172,878
Net earnings for the period	$ 8,702,018	$ 7,766,030

During the three month period ended March 31, 2022, and 2021, the Company incurred acquisition and integration expenses of $1,113,839 and $924,838, respectively. Acquisition expenses will vary from period to period depending on the size and level of acquisition activity, and include expenses relating to legal, financial and tax due diligence, post-closing audits, representation and warranty insurance premiums, preparation of independent valuation reports, the preparation of reports for regulatory compliance purposes, and internal compensation.

Other income (expenses) comprised of the following:

- $123,486 and $33,048 of expenses for the three month period ended March 31, 2022, and 2021, respectively, including legal costs relating to the preservation of certain historical investments and obligations associated with those investments, as well as, costs for the defence of intellectual property created by the Company.
- $153,972 impairment on other assets during the three month period ended March 31, 2022.
- Net loss of $19,032 and $8,962 related to the sale of property for the three month period ended March 31, 2022, and 2021, respectively.

Income tax expense for the three month period ended March 31, 2022, was $3,288,032 compared to $3,172,878 for the same period in 2021. The effective tax rate for the three month period ended March 31, 2022, was 27.4% which is slightly higher than the Company's statutory tax rates. The effective tax rate will differ from the Company's statutory tax rates primarily as a result of certain permanent differences in operating expenses that are not deductible expenses for tax purposes, offset by non-taxable dividend income. The effective tax rate for the same period in 2021 was 29.0%.

As a result of the above, the Company's net earnings for the three month period ended March 31, 2022, totaled $8,702,018 compared to $7,766,030 for the same period in 2021 which represents an increase of $935,988 or 12.1% over the same period in 2021.

Earnings Per Share

The weighted average diluted number of Common Shares outstanding for the three month period ended March 31, 2022, increased to 34,795,204 compared to 30,122,589 for the same period in 2021, an increase of 4,672,615 or 15.5%. The increase in outstanding Common Shares relates primarily to the Company's bought deal financing, which closed on September 3, 2021 (the "**2021 Financing**"), pursuant to which, the Company issued 4,081,000 Common Shares at a price of C$36.40 per Common Share for total gross proceeds of C$148,548,400 (including the exercise of the full over-allotment option), the issuance of Common Shares pursuant to the Company's dividend reinvestment plan ("**DRIP**") and an increase in awards that have vested and were awarded pursuant to the EIP.

Fully diluted earnings per Common Share attributable to Shareholders for the three month period ended March 31, 2022, were $0.250 compared to $0.256 for the same period in 2021.

Adjusted Net Earnings

Net earnings for the three month period ended March 31, 2022, and 2021 as stated, have been impacted by certain one-time, non-recurring or non-cash revenue and expense, and other items that management believes should be highlighted to better explain the Company's operating performance for the periods under review on an adjusted basis. The table below reconciles Adjusted Net Earnings for the three month period ended March 31, 2022, and 2021 to the Company's net earnings:

	Three Months Ended March 31,			
	2022		2021	
Net Earnings	$	8,702,018	$	7,704,812
Adjusted for the impact of:				
Amortization of intangible assets		382,543		466,562
Share based compensation		1,465,178		754,677
Acquisition and integration costs		1,113,839		924,838
Other (income) expenses		296,490		42,010
Tax effect on the above items		(783,206)		(378,667)
Adjusted Net Earnings, PLC shareholders	$	11,176,862	$	9,514,232
Adjusted Net Earnings - per share				
Basic	$	0.327	$	0.319
Diluted	$	0.321	$	0.316
Weighted Average Shares				
Basic		34,163,346		29,841,755
Diluted		34,795,204		30,122,589

Adjusted Net Earnings is non-IFRS measure. See "Description of non-IFRS measures".

Adjusted Net Earnings attributable to Shareholders for the three month period ended March 31, 2022, was $11,176,862 and $0.321 per share, diluted, compared to $9,514,232 and $0.316 per Common Share for the same period in 2021. This represents an increase of 17.5% in the Adjusted Net Earnings and 1.6% in the Adjusted Net Earnings per Common Share over the same three month period in 2021.

EBITDA and Adjusted EBITDA

The table below reconciles EBITDA and Adjusted EBITDA for the three month period ended March 31, 2022, and 2021 to earnings from operations:

	Three Months Ended March 31,	
	2022	**2021**
Earnings from operations	$ 13,400,379	$ 11,905,756
Adjusted for the impact of:		
Finance costs	1,559,438	2,008,363
Depreciation and amortization	3,225,111	2,930,816
Amortization of cemetery property	1,764,967	1,658,347
Non-controlling interest	-	(107,792)
EBITDA, PLC shareholders	19,949,895	18,395,490
Share based compensation	1,465,178	754,677
Adjusted EBITDA, PLC shareholders	$ 21,415,073	$ 19,150,167
EBITDA, PLC shareholders - per share		
Basic	$ 0.584	$ 0.616
Diluted	$ 0.573	$ 0.611
Adjusted EBITDA, PLC shareholders - per share		
Basic	$ 0.627	$ 0.642
Diluted	$ 0.615	$ 0.636
Weighted Average Shares Outstanding		
Basic	34,163,346	29,841,755
Diluted	34,795,204	30,122,589

EBITDA and Adjusted EBITDA are non-IFRS measures. See "Description of non-IFRS measures".

Adjusted EBITDA attributable to Shareholders for the three month period ended March 31, 2022, was $21,415,073 compared to $19,150,167 during the same period in 2021, which represents an increase of $2,264,906 or 11.8%. The fully diluted Adjusted EBITDA per Common Share for the three month period ended March 31, 2022, was $0.615 compared to $0.636 for the same period in 2021, a quarter over quarter decrease of $0.021 or 3.3%.

The Adjusted EBITDA profit margin for the three month period ended March 31, 2022, was 25.7% compared to 27.2% for the same period in 2021, representing a 150 bps decrease.

Geographic Information

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

	March 31, 2022	December 31, 2021
Canada	$ 181,006,516	$ 173,651,091
United States	1,131,345,852	1,151,059,468
Total	$ 1,312,352,368	$ 1,324,710,559

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

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Net revenue:		
Net sales:		
Canada	$ 7,136,057	$ 7,696,133
United States	72,727,963	59,659,794
Total net sales	79,864,020	67,355,927
Income from care and maintenance funds:		
Canada	912,159	871,359
United States	1,429,323	1,122,139
Total income from care and maintenance funds	2,341,482	1,993,498
Interest income:		
Canada	81,160	408,721
United States	886,635	998,015
Total interest income	967,795	1,406,736
Total net revenue:		
Canada	8,129,376	8,976,213
United States	75,043,921	61,779,948
Total net revenue	$ 83,173,297	$ 70,756,161

Liquidity and Capital Resources

The Company's principal sources of liquidity are cash provided from operations and from the issuance of debt and equity instruments. The Company had a net working capital of $49,798,578 as of March 31, 2022, including $30,702,084 in cash. Net working capital is calculated as the difference between the Company's current assets and its current liabilities. Fluctuations in operating assets and liabilities between periods may be attributable to the volatility and timing of cash receipts and payments, among other factors.

The Credit Facility, entered into on August 31, 2021, increased the Company's overall borrowing capacity by C$50 million to C$300 million and extending the maturity date to August 31, 2026. The Credit 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, and the Company has the ability, through a U.S. subsidiary, to borrow funds in U.S. dollars.

Through the 2021 Financing, the Company raised total gross proceeds of C$148,548,400, which were used to repay outstanding indebtedness under the Credit Facility and for strategic growth initiatives including acquisitions, organic growth opportunities and general corporate purposes.

In July 2020, the Company raised C$86,250,000 in gross proceeds from the issuance of publicly traded Debentures. The proceeds were used to repay a portion of the outstanding Credit Facility. For purposes of testing the covenants under the Credit Facility, the Debentures are not included as part of total indebtedness. The Debentures mature on December 31, 2025 and are not redeemable before December 31, 2023.

The Credit Facility requires the Company to maintain a Leverage Ratio of less than 3.75 times and an Interest Coverage Ratio of greater than 3 times. As of March 31, 2022, the Company was in compliance with both covenant tests with the Leverage Ratio being 0.87 times and the Interest Coverage Ratio being 33.09 times.

At March 31, 2022, the Company had $86,970,033 outstanding on the Credit Facility including letters of credit totaling $610,913. The Company has an undrawn balance on its Credit Facility of $152,909,967 and $30,702,084 in cash on hand as at March 31, 2022.

As at March 31, 2022, the Company had other debt of $11,748,721 comprised of vehicle loans and notes payable to former business owners supporting non-compete and warranty agreements and related to the financing of the general business insurance policies. Further, the Company had $5,689,435 in lease liabilities, and the Debentures balance as at March 31, 2022, was $66,285,855, net of debt issuance costs and accretion expense of $2,395,055.

Management believes that cash from operating activities, future debt financings, and the Credit Facility, will be sufficiently available to support the Company's ongoing business operations, growth initiatives and debt repayment obligations. Growth through organic initiatives, the optimization of product and service offerings, a focus on streamlining and improving its operational efficiencies and strategic acquisitions may necessitate the raising of funds through debt, equity financings and/or other means. Decisions will be made on a specific transaction basis and will depend on market and economic conditions at the time. However, given potential industry and economic factors that may impact the Company's financial performance and operations, such that capital and credit markets and industry sentiment are adversely affected, it may be more difficult for the Company to access the necessary capital or credit markets or if able to do so, at a higher cost or less advantageous terms than existing borrowings. In addition, reduced revenue and higher operating costs due to disruptions in the supply chain, increases in cost in the Company's supply base, rising economic inflation rates, labour shortages and a general market downturn may result in reductions or early pre-payments of existing financings if covenants are unable to be met (refer to "Risks").

Contractual Obligations Due by Period

The following charts summarize the Company's contractual obligations, including payments due for each of the next five years and thereafter.

	Apr 1-Dec 31 2022	Jan 1-Dec 31 2023	Jan 1-Dec 31 2024	Jan 1-Dec 31 2025	Jan 1-Dec 31 2026	Thereafter	Total
Revolving loan facility	$ -	$ -	$ -	$ -	$ 86,359,120	$ -	$ 86,359,120 [1]
Other long-term debt	122,486	46,812	31,233	14,242	5,784	-	220,556
Notes payable	2,086,798	1,906,209	1,172,320	1,035,121	832,995	4,494,722	11,528,166
Lease liabilities	1,563,539	1,359,410	1,024,560	912,812	753,591	982,505	6,596,417
Construction commitments	11,646,441	-	-	-	-	-	11,646,441
Total	$ 15,419,264	$ 3,312,431	$ 2,228,113	$ 1,962,175	$ 87,951,491	$ 5,477,227	$ 116,350,701

[1] Excludes letters of credit issued of $602,637.

Construction Commitments

As at the date hereof, the Company has 15 ongoing construction commitments (the "**Construction Commitments**") with the remaining aggregate balance of $11,646,441, primarily for the construction of the Westminster Cemetery (the "**Westminster Project**"), 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 $23,171,416 on the Construction Commitments in progress.

The Westminster Project consists of a 32,100 square foot on-site funeral visitation and reception centre at Westminster Cemetery in Toronto, Ontario. To date, the Company has spent $12,586,108 on the Westminster Project and the remaining balance of $1,436,960 will be spent in the second quarter of 2022, when the project is expected to be completed. Contributing factors to the increase in expenses for the Westminster Project are largely due to increased costs in raw materials, construction supplies and labour.

Dividends and Free Cash Flow

The Company uses Free Cash Flow as a measure of, among other things, the sustainability of its dividend. The table below summarizes the calculation of Free Cash Flow for the three month period ended March 31, 2022, and 2021 compared to its dividend payout:

	Three Months Ended	
	March 31, 2022	**March 31, 2021**
Cash provided by (used in) operating activities	$ 18,806,190	$ 15,425,916
Maintenance capital expenditures	(2,235,439)	(1,461,082)
Inventory additions	(225,102)	(674,423)
Lease payments	(347,463)	(374,146)
Free Cash Flow	$ 15,998,186	$ 12,916,265
Free Cash Flow per common share-diluted	$ 0.460	$ 0.429
Dividend per common share	$ 0.090	$ 0.090
Payout ratio	20%	21%
Weighted average shares outstanding - diluted	34,795,204	30,122,589

Free Cash Flow is a non-IFRS measure. See "Description of non-IFRS measures".

As calculated above, the Company's Free Cash Flow from operations was $15,998,186 for the three month period ended March 31, 2022, compared to $12,916,265 for the same period in 2021. This represents Free Cash Flow per fully diluted Common Share of $0.460 and $0.429 for the three month periods ended March 31, 2022, and 2021, respectively.

The Company paid dividends of 0.090 per Common Share for the three month periods ended March 31, 2022, and 2021. The dividends paid represent 20% and 21% of Free Cash Flow for the three month periods ended March 31, 2022, and 2021, respectively.

On March 20, 2022, the Company announced that it moved from a monthly to a quarterly dividend payment schedule, with dividends to be declared on each of the Common Shares of the Company to Shareholders of record on the last business day of each quarter and are expected to be paid in April, July, October and January of each calendar year, subject to approval of the directors of the Company. The dividend rate remains the same at $0.090 per Common Share per quarter.

For the three month period ended March 31, 2022, and March 31, 2021, the Company declared dividends to Shareholders totaling C$0.114 per share. The following table sets forth the per Common Share amounts of quarterly dividends declared and paid by the Company since January 1, 2022.

Month	Dividend Record Date	Payment Date	Per Share
March, 2022	March 31, 2022	April 15, 2022	C$0.114

Care and Maintenance Trust Funds

The Company contributes a portion of all lot, crypt and niche sales to the Care and Maintenance Trust Funds in accordance with regulatory requirements. During the three month period ended March 31, 2022, the Company contributed $2,313,358 to the Care and Maintenance Trust Funds compared to $1,656,385 during the same period in 2021. The Care and Maintenance Trust Fund assets are included in the Consolidated Statement of Financial Position at market value. As of March 31, 2022, the aggregate balance of the Care and Maintenance Trust Funds was $228,176,900 compared to $229,963,783 as at December 31, 2021. The decrease is primarily a result of investment losses during the current period offset by contributions to the trust funds during the current period. The Care and Maintenance Trust Fund assets are offset by a corresponding liability for Care and Maintenance Trusts' Corpus.

As of March 31, 2022, the Company had net unrealized gains in the Care and Maintenance Trust Funds of $13,657,450, which represents a 6.4% net unrealized gain to the original cost basis.

Pre-Need Merchandise and Service Trust Funds

The Company maintains separate trust funds for the deposit of cash received for the purchase of pre-need merchandise and services to be delivered at some future date (the "**Pre-Need Merchandise and Service Trust Funds**"). When the merchandise is delivered and the services are performed, the Company receives the current market value for the service from the Pre-Need Merchandise and Service Trust Funds. The Pre-Need Merchandise and Service Trust Fund assets are included in the Consolidated Statement of Financial Position at market value. The assets within the Pre-Need Merchandise and Service Trust Funds had a market value at March 31, 2022, of $247,807,344 compared to $259,728,034 as at December 31, 2021. The decrease in fair value since December 31, 2021, is a result of investment losses during the current period. The Pre-Need Merchandise and Service Trust Funds are offset by a corresponding liability for Deferred Pre-Need Receipts held in trust.

As of March 31, 2022, the Company had net unrealized losses in the Pre-Need Merchandise and Service Trust Funds of $12,225,379, which represents a 4.7% net unrealized loss to the original cost basis. The unrealized losses are muted because of the higher cash positions and the Canadian GIC's. Adjusting for those items the net unrealized loss at March 31, 2022, on the other investments was 5.3%.

Prearranged Funeral Insurance Contracts

In addition to trust funded prearranged funeral services contracts, the Company also has prearranged funeral services contracts that are funded by insurance. At March 31, 2022, the current face amounts of pre-funded policies were $439,415,230 (as at December 31, 2021 - $437,843,714). Generally, 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 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.

Finance Assurances

The Company has entered arrangements with certain surety companies in the United States, whereby such companies agree to issue surety bonds on the Company's behalf as financial assurance. When selling pre-need contracts, the Company may purchase surety bonds where allowed by state law. The surety bonds are used to support the Company's pre-need cemetery merchandise sales activities, in lieu of trusting certain amounts of funds received from the customer. The amount of the bond posted is generally determined by the total amount of pre-need contract that would otherwise be required to be trusted, in accordance with state law. The obligations underlying these surety bonds are recorded as deferred revenue. At March 31, 2022, the Company had surety bonds in place having an aggregate face value of $28,215,375.

Unaudited Quarterly Information

	2022 Q1	2021 Q4	2021 Q3	2021 Q2
Net revenue	$83,173,297	$78,949,931	$73,038,015	$72,028,203
Operating expenses	$56,094,601	$53,243,926	$49,797,635	$49,912,740
Earnings from operations	$13,400,379	$11,914,632	$11,661,357	$10,553,673
Net earnings, PLC shareholders	$8,702,018	$7,113,666	$7,186,518	$5,807,871
Adjusted net earnings, PLC shareholders (1)	$11,176,862	$10,150,171	$9,586,000	$8,782,108
Adjusted EBITDA, PLC shareholders (2)	$21,415,073	$19,954,978	$18,654,959	$18,524,474
Adjusted EBITDA margin (2)	25.7%	25.3%	25.6%	25.8%
Net earnings per share - basic, PLC shareholders (3)	$0.255	$0.209	$0.231	$0.194
Net earnings per share - diluted, PLC shareholders (3)	$0.250	$0.206	$0.229	$0.192
Adjusted Net Earnings per share - basic, PLC shareholders (1), (3)	$0.327	$0.298	$0.308	$0.293
Adjusted Net Earnings per share - diluted, PLC shareholders (1),(3)	$0.321	$0.294	$0.305	$0.291
Adjusted EBITDA per share - basic, PLC shareholders (2), (3)	$0.627	$0.585	$0.600	$0.619
Adjusted EBITDA per share - diluted, PLC shareholders (2), (3)	$0.615	$0.579	$0.593	$0.613

	2021 Q1	2020 Q4	2020 Q3	2020 Q2
Net revenue	$70,756,161	$69,057,488	$60,256,285	$58,854,996
Operating expenses	$47,598,008	$47,663,075	$44,157,186	$41,869,397
Earnings from operations	$11,905,756	$10,138,324	$6,711,608	$7,638,842
Net earnings, PLC shareholders	$7,704,812	$4,782,068	$4,056,030	$4,787,782
Adjusted net earnings, PLC shareholders (1)	$9,514,232	$8,039,335	$5,816,876	$6,341,089
Adjusted EBITDA, PLC shareholders (2)	$19,150,167	$18,436,803	$14,340,466	$14,067,742
Adjusted EBITDA margin (2)	27.2%	27.0%	24.0%	24.1%
Net earnings per share - basic, PLC shareholders (3)	$0.258	$0.160	$0.136	$0.161
Net earnings per share - diluted, PLC shareholders (3)	$0.256	$0.159	$0.135	$0.161
Adjusted Net Earnings per share - basic, PLC shareholders (1), (3)	$0.319	$0.269	$0.195	$0.214
Adjusted Net Earnings per share - diluted, PLC shareholders (1),(3)	$0.316	$0.268	$0.194	$0.213
Adjusted EBITDA per share - basic, PLC shareholders (2), (3)	$0.642	$0.617	$0.481	$0.474
Adjusted EBITDA per share - diluted, PLC shareholders (2), (3)	$0.636	$0.615	$0.479	$0.472

(1) Adjusted Net Earnings is non-IFRS measure. See "Discussion of Operating Results – Adjusted Net Earnings" for reconciliation of the Company's net earnings to Adjusted Net Earnings.
(2) Adjusted EBITDA is non-IFRS measure. See "Discussion of Operating Results – Adjusted EBITDA" for reconciliation of the Company's Adjusted EBITDA.
(3) The sum of the quarterly amounts per share, basic and diluted, may not equal the period amount due to the rounding and use of weighted average shares outstanding.

Related Party Transactions

As discussed in this section and disclosed elsewhere in the MD&A, the Company's related parties include the following persons and entities: (i) associates, or entities which are controlled or significantly influenced by the Company; (ii) key management personnel, which are comprised of the directors and officers of the Company.

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:

	March 31, 2022	March 31, 2021
Directors' fees and management compensation	$ 2,102,219	$ 1,395,556

Disclosure Controls and Procedures

National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filing* ("**NI 52-109**") requires public companies in Canada to submit annual and interim certificates relating to the design and effectiveness of the disclosure controls and procedures that are in use at the company. Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the CEO and CFO, on a timely basis so that appropriate decisions can be made regarding public disclosure.

Subject to the limitations set out below, the Company's management, under the supervision of the CEO and the CFO, has designed and maintained a set of disclosure controls and procedures to ensure that information required to be disclosed by the Company in its annual filing, interim filings or other reports filed or submitted by the Company under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Internal Controls over Financial Reporting

The CEO and the CFO have designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management conducted its evaluation based on the framework set forth in the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its evaluation under this framework, management concluded that the Company's internal control over financial reporting was effective as of March 31, 2022.

Internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be designed effectively can provide only reasonable assurance with respect to financial reporting and financial statement preparation.

Limitation on Scope of Design

The CEO and CFO have limited the scope of design of disclosure controls and procedures and internal control over financial reporting to exclude controls, policies and procedures of Mississippi and Williamson Businesses acquired in the third quarter of 2021 and Smith Businesses and Ingram in the fourth quarter of 2021.

This scope limitation is in accordance with section 3.3(1)(b) of NI 52-109, which allows an issuer to limit the design of disclosure controls and procedures and internal control over financial reporting for a business that the issuer acquired not more than 365 days before the last day of the period covered by this MD&A.

The following is a summary of certain financial information related to acquisitions of Mississippi and Williamson Businesses in third quarter of 2021, Smith Businesses and Ingram in the fourth quarter of 2021:

	March 31, 2022		
	Mississippi Businesses	Williamson & Smith	Ingram
Net revenue	$ 3,050,107	$ 3,384,019	$ 1,475,212
Net earnings	$ 662,071	$ 101,240	$ 474,037
Current assets	$ 1,553,790	$ 805,510	$ 244,675
Non-current assets	$ 17,701,044	$ 23,463,903	$ 3,936,523
Current liabilities	$ 837,614	$ 1,253,015	$ 409,101
Non-current liabilities	$ 5,724,611	$ 15,626,773	$ 1,026,669

Changes in Internal Controls over Financial Reporting

There have been no changes in the Company's internal controls over financial reporting during the 2022 fiscal year that have affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Shares Outstanding

The authorized capital of the Company consists of an unlimited number of Common Shares. As at March 31, 2022, there were 33,957,246 Common Shares issued and outstanding, representing an increase of 27,037 Common Shares issued and outstanding since December 31, 2021. The increase in the number of Common Shares is primarily due to the issuance of Common Shares pursuant to the Company's DRIP and EIP. As at April 30, 2022, there were 34,033,112 Common Shares issued and outstanding. In addition, the Company has 153,061 Common Shares reserved and available for grant and issuance under the EIP. As at March 31, 2022, 394,294 DSUs, RSUs, PSUs and Options were outstanding.

Risks

A detailed set of risks applicable to the Company are included in the Company's AIF for the year ended December 31, 2021, and is available on SEDAR at www.sedar.com and on the Company's website at www.parklawncorp.com

Additional Information

Additional information relating to the Company, including the Company's AIF, is available on SEDAR at www.sedar.com and on the Company's website at www.parklawncorp.com.