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Condensed Interim Consolidated Financial Statements

As at and for the six months ending June 30, 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 JUNE 30, 2022 AND DECEMBER 31, 2021

(U.S. dollars)

	June 30, 2022	December 31, 2021 *(Restated - see Note 4 and Note 7)*	January 1, 2021 *(Restated - see Note 4)*
Assets			
Current assets			
Cash	$ 21,379,826	$ 20,785,798	$ 24,721,246
Accounts receivable (Note 5)	17,194,729	17,965,513	11,007,943
Pre-need receivables, current portion (Note 5)	28,664,884	29,510,544	26,013,432
Inventories, current portion (Note 6)	9,659,687	9,655,131	9,506,457
Prepaid expenses and other assets (Note 14)	6,249,909	4,455,008	9,403,036
	83,149,035	82,371,994	80,652,114
Non-current assets			
Pre-need receivables, net of current portion (Note 5)	63,281,575	62,421,847	56,561,063
Inventories, net of current portion (Note 6)	71,078,933	72,386,737	72,178,199
Land held for development (Note 8)	26,462,915	26,247,318	20,911,669
Property and equipment (Note 9)	231,588,507	225,371,510	178,448,898
Care and maintenance trust fund investments (Note 10)	209,102,394	229,963,783	193,215,112
Pre-need merchandise and service trust fund investments (Note 11)	227,538,717	259,728,034	230,166,968
Deferred tax assets	6,109,133	4,859,502	4,038,934
Goodwill and intangibles (Note 7 and 13)	418,050,672	408,240,328	333,812,451
Deferred commissions	29,864,180	28,758,701	25,773,040
Prepaid expenses and other assets (Note 14)	5,323,617	5,682,865	6,360,126
	1,288,400,643	1,323,660,625	1,121,466,460
TOTAL ASSETS	$ 1,371,549,678	$ 1,406,032,619	$ 1,202,118,574
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	$ 36,147,823	$ 37,896,382	$ 35,479,685
Dividends payable (Note 20)	3,013,809	1,016,996	882,385
Current portion of long-term debt (Note 15)	102,423	168,148	277,560
Current portion of notes payable (Note 16)	1,747,836	3,449,682	2,118,300
Current portion of lease liabilities (Note 17)	1,575,123	1,081,669	1,692,367
	42,587,014	43,612,877	40,450,297
Non-current liabilities			
Long-term debt, net of current portion (Note 15)	88,677,281	84,635,893	112,587,982
Notes payable, net of current portion (Note 16)	10,223,551	9,452,445	6,254,921
Lease liabilities, net of current portion (Note 17)	4,185,855	3,766,076	4,034,453
Senior Unsecured Debentures (Note 18)	64,548,517	65,237,067	64,376,804
Deferred tax liabilities	13,901,631	12,282,702	9,819,128
Deferred revenue (Note 19)	159,141,023	157,320,292	137,898,510
Care and maintenance trusts' corpus (Note 10)	209,102,394	229,963,783	193,215,112
Deferred pre-need receipts held in trust (Note 11)	227,538,717	259,728,034	230,166,968
	777,318,969	822,386,292	758,353,878
Shareholders' Equity			
Share capital (Note 21)	511,059,350	509,011,563	388,447,668
Contributed surplus	13,162,333	11,939,676	8,654,292
Accumulated other comprehensive loss	(5,448,825)	(5,398,833)	(3,466,175)
Retained earnings	32,870,837	24,481,044	7,980,536
	551,643,695	540,033,450	401,616,321
Non-controlling interest	-	-	1,698,078
	551,643,695	540,033,450	403,314,399
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,371,549,678	$ 1,406,032,619	$ 1,202,118,574

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

Approved by the Board of Directors

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

"Steven Scott"
Steven Scott, Director

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

PARK LAWN CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(U.S. dollars)

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021 *(Restated - see Note 4)*	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021 *(Restated - see Note 4)*
Net revenue				
Net sales	$ 72,720,991	$ 67,776,368	$ 152,585,011	$ 135,132,295
Income from care and maintenance funds (Note 10)	2,249,425	2,574,266	4,590,907	4,567,764
Interest and other income	951,109	1,677,568	1,918,904	3,084,304
	75,921,525	72,028,202	159,094,822	142,784,363
Cost of sales	12,723,190	11,561,789	26,401,507	22,814,186
Net revenue less cost of sales	63,198,335	60,466,413	132,693,315	119,970,177
Operating expenses				
General and administrative	36,316,629	31,222,247	74,979,305	61,825,146
Amortization of intangibles (Note 13)	319,030	358,198	701,573	824,760
Maintenance	7,537,286	6,583,340	13,825,401	12,252,958
Advertising and selling	8,283,745	8,550,868	16,020,396	16,646,757
Finance costs (Note 22)	1,721,942	2,116,915	3,281,380	4,125,278
Share based incentive compensation (Note 23 and 25)	1,220,065	1,081,172	2,685,243	1,835,849
	55,398,697	49,912,740	111,493,298	97,510,748
Earnings from operations	7,799,638	10,553,673	21,200,017	22,459,429
Acquisition and integration costs (Note 7)	(1,642,477)	(1,308,967)	(2,756,316)	(2,233,806)
Other income (expenses) (Note 24)	1,823,991	(667,596)	1,527,501	(709,606)
Earnings before income taxes	7,981,152	8,577,110	19,971,202	19,516,017
Income tax expense	2,173,266	2,742,452	5,461,298	5,915,330
Net earnings for the period	$ 5,807,886	$ 5,834,658	$ 14,509,904	$ 13,600,687
Net earnings attributable to:				
Equity holders of PLC	$ 5,807,886	$ 5,807,870	$ 14,509,904	$ 13,512,681
Non-controlling interest	-	26,788	-	88,006
	$ 5,807,886	$ 5,834,658	$ 14,509,904	$ 13,600,687
Attributable to equity holders of PLC				
Net earnings per share - basic	$ 0.170	$ 0.194	$ 0.424	$ 0.453
Net earnings per share - diluted	$ 0.167	$ 0.192	$ 0.417	$ 0.449
Weighted average number of common shares:				
- basic	34,216,943	29,933,752	34,183,665	29,840,361
- diluted	34,863,288	30,227,882	34,806,950	30,119,115

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

PARK LAWN CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(U.S. dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021 *(Restated - see Note 4)*	2022	2021 *(Restated - see Note 4)*
Net earnings for the period	$ 5,807,886	$ 5,834,658	$ 14,509,904	$ 13,600,687
Item of other comprehensive income to be subsequently reclassified to net earnings				
Foreign currency translation of foreign operations	(79,832)	(1,543,698)	(49,992)	(2,905,805)
Comprehensive income	$ 5,728,054	$ 4,290,960	$ 14,459,912	$ 10,694,882

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 AND SIX MONTHS ENDED JUNE 30, 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 (Restated - see Note 4)	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)	-	-	-	(5,425,080)	-	-	(5,425,080)
Equity incentive plan (Note 23)	-	-	1,811,706	-	-	-	1,811,706
Shares issued:							
Dividend reinvestment plan (Note 21i)	42,565	1,058,033	-	-	-	-	1,058,033
Exercise of Equity incentive plan (Note 23)	102,563	1,841,492	(1,841,492)	-	-	-	-
Other comprehensive income (loss)	-	-	-	-	(2,968,821)	63,016	(2,905,805)
Sale of non-strategic business	-	-	-	-	-	(1,849,100)	(1,849,100)
Foreign currency translation of foreign operations	-	-	-	-	-	-	-
Net earnings for the period	-	-	-	13,512,681	-	88,006	13,600,687
Balance at June 30, 2021 (Restated - see Note 4)	29,709,654	$ 391,347,193	$ 8,624,506	$ 16,068,137	$ (6,434,996)	$ -	$ 409,604,840
Balance at January 1, 2022 (Restated - see Note 4)	33,930,209	$ 509,011,563	$ 11,939,676	$ 24,481,044	$ (5,398,833)	$ -	$ 540,033,450
Dividends declared (Note 20)	-	-	-	(6,120,111)	-	-	(6,120,111)
Equity incentive plan (Note 23)	-	-	2,644,298	-	-	-	2,644,298
Shares issued:							
Dividend reinvestment plan (Note 21i)	33,176	896,702	-	-	-	-	896,702
Exercise of Equity incentive plan (Note 23)	69,727	1,421,641	(1,421,641)	-	-	-	-
Acquisition of non-controlling interest (Note 21 iii)	-	(270,556)	-	-	-	-	(270,556)
Foreign currency translation of foreign operations	-	-	-	-	(49,992)	-	(49,992)
Net earnings for the period	-	-	-	14,509,904	-	-	14,509,904
Balance at June 30, 2022	34,033,112	$ 511,059,350	$ 13,162,333	$ 32,870,837	$ (5,448,825)	$ -	$ 551,643,695

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

PARK LAWN CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(U.S. dollars)

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
		(Restated - see Note 4)		*(Restated - see Note 4)*
Cash provided by (used in):				
Operating activities				
Net earnings for the period	$ 5,807,886	$ 5,834,658	$ 14,509,904	$ 13,600,687
Adjustments to reconcile net income to cash provided by (used in) operating activities:				
Loss on the sale of non-strategic business	-	700,301	-	700,301
Acquisition and integration costs	1,642,477	1,308,968	2,756,316	2,233,806
Deferred tax expense	172,797	(1,112,048)	279,298	(427,030)
Depreciation of property and equipment, and amortization of intangibles (Note 9 and 13)	3,203,516	2,875,007	6,428,627	5,805,823
Amortization of cemetery property	1,660,586	1,978,539	3,425,553	3,636,886
Amortization of deferred financing costs (Note 15 and 22)	107,730	126,248	216,120	307,852
Accretion expense on senior unsecured debentures (Note 18 and 22)	154,120	149,366	305,013	290,370
Interest on lease liabilities (Note 17 and 22)	79,583	57,950	163,083	130,387
Share based incentive compensation (Note 23)	1,185,016	1,058,559	2,644,298	1,811,706
(Gain) loss on disposal of property and equipment (Note 9 and 24)	(1,857,050)	(23,240)	(1,838,018)	(14,278)
Impairment of other assets (Note 14 and 24)	-	-	153,972	-
Changes in working capital that provided (required) cash:				
Accounts receivable (Note 5)	1,225,696	(464,731)	724,784	(45,876)
Net receipts on pre-need activity	(2,162,456)	3,476,161	647,184	2,370,515
Merchandise inventories	315,866	11,568	97,525	(99,141)
Prepaid expenses and other current assets (Note 14)	(2,486,961)	768,952	(1,514,508)	761,337
Deferred commissions	585,652	(556,504)	-	(823,244)
Accounts payable and accrued liabilities	757,606	(4,219,662)	199,014	(2,844,094)
Cash provided by (used in) operating activities	10,392,065	11,970,092	29,198,166	27,396,007
Investing activities				
Acquisition and integration costs	(1,642,477)	(1,308,968)	(2,756,316)	(2,233,806)
Net cash on acquisitions (Note 7)	(14,800,000)	(24,283,482)	(14,800,000)	(24,283,482)
Acquisition of non-controlling interest (Note 21)	-	-	(270,556)	-
Additions to cemetery property	(1,346,844)	(1,225,577)	(1,930,479)	(2,188,285)
Acquisition of property and equipment (Note 9)	(3,946,249)	(4,333,682)	(8,653,659)	(7,723,018)
Proceeds on disposal of property and equipment (Note 9)	2,301,798	228,224	2,624,814	1,225,887
Net cash from sale of non-strategic business	-	2,705,995	-	2,705,995
Additions to intangible assets (Note 13)	(200,718)	(225,542)	(416,887)	(362,677)
Cash interest from other assets (Note 14)	60,946	51,566	60,946	563,779
Disposals (additions) to other assets (Note 14)	-	121,660	-	4,901,494
Cash provided by (used in) investing activities	(19,573,545)	(28,269,806)	(26,142,138)	(27,394,113)
Financing activities				
Proceeds from issuance of long-term debt (Note 15)	3,582,956	10,786,249	3,852,631	13,392,141
Repayment of long-term debt (Note 15)	(87,285)	(6,489,600)	(87,285)	(13,671,780)
Repayment of note payable (Note 16)	(730,254)	(309,719)	(2,108,215)	(1,158,510)
Repayment of lease liabilities (Note 17)	(536,221)	(489,025)	(883,684)	(862,387)
Dividends and distributions paid (Note 20)	(2,382,928)	(2,143,299)	(3,186,595)	(4,367,047)
Financing costs	-	-	(3,645)	(19,728)
Cash provided by (used in) financing activities	(153,731)	1,354,606	(2,416,792)	(6,687,311)
Translation adjustment on cash	12,954	1,245,510	(45,207)	1,138,579
Net increase (decrease) in cash	(9,322,258)	(13,699,598)	594,028	(5,546,838)
Cash, beginning of period	30,702,084	32,874,006	20,785,798	24,721,246
Cash, end of period	$ 21,379,826	$ 19,174,408	$ 21,379,826	$ 19,174,408
Supplemental disclosures:				
Income taxes paid	$ 4,124,495	$ 5,030,383	$ 4,184,635	$ 5,121,220
Interest expenses paid	$ 2,495,730	$ 2,806,766	$ 2,860,095	$ 3,456,673

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

1. NATURE OF OPERATIONS

Park Lawn Corporation (the "**Company**" or "**PLC**"), located at 2 St. Clair Ave. East, Suite 705, Toronto, Ontario, M4T 2T5, 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 June 30, 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 August 11, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

b. 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 income(loss) and as a component of accumulated other comprehensive income(loss) in equity.

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.

During the quarter ended June 30, 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 continued 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. 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 full extent of the impact 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 full 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 loss. 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.

CAD/USD Exchange Rate	Three month period ended,		Six month period ended,		Year ended	Year opening
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	December 31, 2021	January 1, 2021
Closing rate at the reporting date	0.7768	0.8068	0.7768	0.8068	0.7888	0.7854
Average rate for the period	0.7832	0.8144	0.7864	0.8023	0.7978	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 - see Note 7)*	Presentation currency change	Reported in USD December 31, 2021
Total assets	$ 1,782,568,154	$ (376,535,535)	$ 1,406,032,619
Total liabilities	1,097,913,746	(231,914,577)	865,999,169
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 June 30, 2021, consolidated statements of earnings and comprehensive income:

	Previously reported in CAD June 30, 2021	Presentation currency change	Reported in USD June 30, 2021
Net sales	$ 83,200,479	$ (15,424,111)	$ 67,776,368
Operating expenses	61,309,305	(11,396,565)	49,912,740
Net earnings	7,130,963	(1,296,305)	5,834,658
Comprehensive income	(2,086,142)	6,377,102	4,290,960

The change in presentation currency resulted in the following impact on the six months ended June 30, 2021, consolidated statements of earnings and comprehensive income:

	Previously reported in CAD June 30, 2021	Presentation currency change	Reported in USD June 30, 2021
Net sales	$ 168,466,066	$ (33,333,771)	$ 135,132,295
Operating expenses	121,568,383	(24,057,635)	97,510,748
Net earnings	16,962,756	(3,362,069)	13,600,687
Comprehensive income	(352,743)	11,047,625	10,694,882

The change in presentation currency resulted in the following impact on the three months ended June 30, 2021, consolidated statements of cash flows:

	Previously reported in CAD June 30, 2021	Presentation currency change	Reported in USD June 30, 2021
Cash provided by (used in):			
Operating activities	$ 14,609,234	$ (2,639,142)	$ 11,970,092
Investing activities	(35,643,571)	7,373,765	(28,269,806)
Financing activities	1,866,887	(512,281)	1,354,606

4. CHANGES IN ACCOUNTING POLICIES – continued

The change in presentation currency resulted in the following impact on the six months ended June 30, 2021, consolidated statements of cash flows:

	Previously reported in CAD June 30, 2021	Presentation currency change	Reported in USD June 30, 2021
Cash provided by (used in):			
Operating activities	$ 34,168,803	$ (6,772,796)	$ 27,396,007
Investing activities	(34,375,953)	6,981,840	(27,394,113)
Financing activities	(8,338,948)	1,651,637	(6,687,311)

The change in presentation currency resulted in the following impact on the three months ended June 30, 2021, basic and diluted earnings per share:

Previously reported in CAD June 30, 2021	Presentation currency change	Reported in USD June 30, 2021
$ 0.237	$ (0.043)	$ 0.194
0.235	(0.043)	0.192

The change in presentation currency resulted in the following impact on the six months ended June 30, 2021, basic and diluted earnings per share:

Previously reported in CAD June 30, 2021	Presentation currency change	Reported in USD June 30, 2021
$ 0.565	$ (0.112)	$ 0.453
0.560	(0.111)	0.449

5. ACCOUNTS RECEIVABLE AND PRE-NEED RECEIVABLES

	June 30, 2022	December 31, 2021 *(Restated - see Note 4 and Note 7)*
Accounts receivable	$ 17,194,729	$ 17,965,513
Pre-need receivables, current portion	28,664,884	29,510,544
Pre-need receivables, net of current portion	63,281,575	62,421,847
Total	$ 109,141,188	$ 109,897,904

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

	June 30, 2022	December 31, 2021 *(Restated - see Note 4 and Note 7)*
Beginning of the period	$ 12,124,642	$ 10,619,818
Additions to allowances	1,849,811	2,740,685
Cancellations	(153,236)	(1,239,035)
Foreign currency translation	(4,221)	3,174
End of period	$ 13,816,996	$ 12,124,642

6. INVENTORIES

	June 30, 2022	December 31, 2021 *(Restated - see Note 4 and Note 7)*
Merchandise inventories	$ 3,970,128	$ 3,937,415
Cemetery lots	36,455,636	35,371,871
Crypts and niches	31,691,360	35,318,028
Construction in progress	8,621,496	7,414,554
Total	80,738,620	82,041,868
Current portion	9,659,687	9,655,131
Non-current portion	$ 71,078,933	$ 72,386,737

There were no inventory write-downs in either period.

7. BUSINESS COMBINATIONS

Acquisitions completed in fiscal 2022

		Preliminary Other
Assets acquired:		
Cash	$	-
Accounts receivable		-
Pre-need receivables		-
Inventories		540,000
Land held for development		200,000
Property and equipment		4,955,763
Care and maintenance trust fund investments		-
Pre-need merchandise and service trust fund investments		87,088
Goodwill		8,540,441
Intangibles		1,780,000
Deferred commissions		-
Prepaid expenses and other assets		-
Total assets	$	16,103,292
Liabilities assumed:		
Accounts payable and accrued liabilities	$	-
Long-term debt		34,729
Lease liabilities		-
Deferred tax liabilities		-
Deferred revenue		-
Care and maintenance trusts' corpus		-
Deferred pre-need receipts held in trust		87,088
		121,817
Fair value of consideration transferred:		
Cash consideration		14,800,000
Deferred cash consideration		1,181,475
Working capital		-
		15,981,475
Total liabilities and considerations	$	16,103,292

(i) On April 18, 2022, the Company acquired substantially all 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.

(ii) On June 6, 2022, the Company acquired substantially all the assets of Hudson Funeral Home & Cremation Services ("Hudson"), a business consisting of one stand-alone funeral home located in Durham, North Carolina.

The collective purchase price for Chancellor and Hudson was $15,981,475.

The fair value allocations for Chancellor and Hudson acquisitions are based on preliminary purchase allocations conducted by management. As the acquisitions are within the measurement period under IFRS 3 they continue to be refined. The Company is gathering information to finalize the fair value of inventories, land held for development, property and equipment, and intangibles.

7. BUSINESS COMBINATIONS – continued

Acquisitions completed in fiscal 2022 - continued

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, preparation of independent valuation reports to substantiate purchase price allocations, preparation of reports for regulatory compliance purposes, and internal compensation. Direct acquisition costs were $1,186,120 for the six month period ended June 30, 2022.

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

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, Williamson 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	$ 6,384	$ 62,421,847
Inventories	72,458,684	(71,947)	72,386,737
Land held for development	26,442,099	(194,780)	26,247,319
Property and equipment	225,080,851	290,659	225,371,510
Goodwill and intangibles	409,008,075	(767,747)	408,240,328
Deferred commission	28,452,317	306,384	28,758,701
Prepaid expenses and other assets	5,569,640	113,225	5,682,865
Lease liabilities, net of current portion	(3,453,321)	(312,755)	(3,766,076)
Deferred tax liabilities	(12,777,195)	494,493	(12,282,702)
Deferred revenue	(157,456,376)	136,084	(157,320,292)
Total	$ 655,740,237	$ -	$ 655,740,237

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

Acquisitions completed in fiscal 2021 – continued

	Final Mississippi Businesses	Final Other	Preliminary Other	Total
Assets acquired:				
Cash	$ 627,509	$ 125,186	$ -	$ 752,695
Accounts receivable	323,761	103,838	160,486	588,085
Pre-need receivables	216,085	274,587	262,882	753,554
Inventories	437,000	1,261,610	2,934,709	4,633,319
Land held for development	356,150	300,000	3,295,842	3,951,992
Property and equipment	13,591,847	12,241,647	18,140,385	43,973,879
Care and maintenance trust fund investments	631,160	2,574,244	6,267,261	9,472,665
Pre-need merchandise and service trust fund investments	4,051,899	4,896,095	4,991,699	13,939,693
Goodwill	16,221,110	13,518,338	34,963,336	64,702,784
Intangibles	2,841,000	2,496,026	6,864,500	12,201,526
Deferred commissions	98,575	268,329	254,498	621,402
Prepaid expenses and other assets	134,660	-	-	134,660
Total assets	$ 39,530,756	$ 38,059,900	$ 78,135,598	$ 155,726,254
Liabilities assumed:				
Accounts payable and accrued liabilities	$ 376,909	$ 39,418	$ -	$ 416,327
Lease liabilities	222,667	62,169	90,088	374,924
Deferred tax liabilities	959,575	216,043	-	1,175,618
Deferred revenue	984,031	1,509,738	2,017,076	4,510,845
Care and maintenance trusts' corpus	631,160	2,574,244	6,267,261	9,472,665
Deferred pre-need receipts held in trust	4,051,899	4,896,095	4,991,699	13,939,693
	7,226,241	9,297,707	13,366,124	29,890,072
Fair value of consideration transferred:				
Cash consideration	32,450,000	26,858,485	60,752,500	120,060,985
Deferred cash consideration	-	1,903,708	4,016,974	5,920,682
Working capital	(145,485)	-	-	(145,485)
	32,304,515	28,762,193	64,769,474	125,836,182
Total liabilities and considerations	$ 39,530,756	$ 38,059,900	$ 78,135,598	$ 155,726,254

(iii) 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.

(iv) 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.

(v) On May 1, 2021, the Company completed the acquisition of all the issued and outstanding membership interests of Cremation Society of Tennessee and Family Care Services, LLC, as well as all 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

(vi) 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 $32,450,000.

(vii) On September 1, 2021, the Company acquired substantially all 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.

(viii) 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.

(ix) 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.

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

(xi) 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 and MDB was $28,762,193, and for Williamson Businesses, Pugh, Smith Businesses and Ingram was $64,769,474.

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, Williams Businesses in the first quarter of 2022 and Mississippi Businesses and MDB in the second quarter of 2022.

The fair value allocations for Williamson Businesses, 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, preparation of independent valuation reports to substantiate purchase price allocations, preparation of reports for regulatory compliance purposes, and internal compensation. Direct acquisition costs were $1,076,767 for the six month period ended June 30, 2021.

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

Canadian acquisition transactions are initially recognized in USD 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	June 30, 2022
Cost:							
Land held for development	26,247,318	200,000	-	66,847	-	(51,250)	26,462,915
Total	$ 26,247,318						$ 26,462,915

	January 1, 2021	Acquired in business combinations	Additions	Transferred to inventory	Disposals	Foreign currency translation	December 31, 2021 *(Restated - see Note 4 and Note 7)*
Cost:							
Land held for development	20,911,669	3,951,992	1,555,510	(186,179)	-	14,326	26,247,318
Total	$ 20,911,669						$ 26,247,318

9. PROPERTY AND EQUIPMENT

	January 1, 2022	Acquired in business combinations	Additions	Disposals	Foreign currency translation	June 30, 2022
Cost:						
Land	$ 56,891,054	690,000	3,454,920	(271,560)	(49,526)	$ 60,714,888
Buildings, cemetery and funeral	149,959,425	4,060,000	3,967,361	(255,000)	(377,252)	157,354,534
Machinery, equipment and automotive	29,040,173	205,763	2,135,476	(153,974)	(64,918)	31,162,520
Cemetery improvements	14,598,994	-	(2,978,367)	(214,039)	(49,385)	11,357,203
Right-of-use asset	8,296,059	-	1,748,619	(1,005,237)	(82,197)	8,957,244
Total	258,785,705	4,955,763	8,328,009	(1,899,810)	(623,278)	269,546,389
Accumulated depreciation:						
Buildings, cemetery and funeral	14,840,951	-	2,557,699	(15,442)	(45,789)	17,337,419
Machinery, equipment and automotive	11,336,864	-	2,029,311	(92,336)	(35,452)	13,238,387
Cemetery improvements	3,622,150	-	240,167	-	(17,935)	3,844,382
Right-of-use asset	3,614,230	-	899,877	(950,453)	(25,960)	3,537,694
Total	33,414,195	-	5,727,054	(1,058,231)	(125,136)	37,957,882
Net book value	$ 225,371,510					$ 231,588,507

	January 1, 2021	Acquired in business combinations	Additions	Disposals	Foreign currency translation	December 31, 2021 *(Restated - see Note 4 and Note 7)*
Cost:						
Land	$ 46,866,133	11,311,935	141,920	(1,477,876)	48,942	$ 56,891,054
Buildings, cemetery and funeral	115,596,866	27,287,866	12,874,341	(5,908,474)	108,825	149,959,425
Machinery, equipment and automotive	19,651,215	4,894,931	5,781,408	(1,309,336)	21,955	29,040,173
Cemetery improvements	13,516,182	-	1,071,006	(650)	12,456	14,598,994
Right-of-use asset	8,291,270	479,147	342,342	(842,991)	26,291	8,296,059
Total	203,921,666	43,973,879	20,211,017	(9,539,327)	218,469	258,785,705
Accumulated depreciation:						
Buildings, cemetery and funeral	10,978,652	-	4,923,682	(1,088,614)	27,231	14,840,951
Machinery, equipment and automotive	8,519,895	-	3,419,615	(614,479)	11,833	11,336,864
Cemetery improvements	3,194,048	-	425,672	-	2,430	3,622,150
Right-of-use asset	2,780,173	-	1,619,466	(787,527)	2,118	3,614,230
Total	25,472,768	-	10,388,435	(2,490,620)	43,612	33,414,195
Net book value	$ 178,448,898					$ 225,371,510

9. PROPERTY AND EQUIPMENT - continued

Property and equipment depreciation expense amounted to $5,727,054 and $4,981,063 for the six month periods ended June 30, 2022, and 2021, respectively. Property and equipment depreciation expense amounted to $2,884,486 and $2,516,809 for the three month periods ended June 30, 2022, and 2021, respectively. Depreciation expense is included in general and administrative expenses on the consolidated statements of earnings.

Included in additions at June 30, 2022, are $2,727,495 of additions at Canadian cemeteries and funeral sites (at December 31, 2021 - $8,332,442) and $5,600,514 of additions at U.S. cemeteries and funeral sites (at December 31, 2021 - $11,878,575).

During the six month period ended June 30, 2022, the Company sold properties for a sale price of $2,624,814 realizing a net gain of $1,838,018. During the three month period ended June 30, 2022, the Company sold properties for a sale price of $2,301,798 realizing a net gain of $1,857,050.

During the six month period ended June 30, 2021, the Company sold properties for a sale price of $1,225,887 realizing a net gain of $14,278. During the three month period ended June 30, 2021, the Company sold properties for a sale price of $228,224 realizing a net gain of $23,240.

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

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

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.

Provincial and state regulations allow for periodic withdrawals of income from the care and maintenance trust funds and the Company generally requests that the trustee distribute allowable income monthly. The trustees of the care and maintenance trust funds provide a monthly statement that includes an accounting of interest, dividends, realized capital gains/losses, and unrealized capital gains. The Company accrues income at the end of a reporting period when the income will not be distributed until the beginning of the next period to the extent it has expenses, as defined by applicable state and provincial regulations, in excess of the income generated by the trust.

Annually, in accordance with certain provincial and state regulations, the Company provides, to the respective governing bodies, a reconciliation of income withdrawn relative to allowable costs.

The Company defers any income from the care and maintenance trust funds to the extent it does not incur any allowable expenses.

Investment income recognized in operations amounted to $4,590,907 and $4,567,764 for the six month period ended June 30, 2022, and 2021, respectively. Investment income recognized in operations amounted to $2,249,425 and $2,574,266 for the three month period ended June 30, 2022, and 2021, respectively.

10. CARE AND MAINTENANCE TRUST FUND INVESTMENTS - continued

Care and maintenance trust fund investments consist of the following:

	Fair Value		Cost	
	June 30, 2022	December 31, 2021 *(Restated - see Note 4)*	June 30, 2022	December 31, 2021 *(Restated - see Note 4)*
Cash and cash equivalents	$ 7,029,186	$ 9,920,442	$ 7,029,186	$ 9,918,598
Fixed Income				
Canadian				
Corporate	572,961	4,713,384	589,040	5,195,813
Government	153,287	175,269	135,680	137,770
US				
Corporate	4,705,401	3,846,246	5,376,632	3,871,770
Government	-	-	-	-
Equities				
Canadian	53,133,349	51,670,656	43,921,826	40,131,615
US	4,898,317	16,689,645	5,762,974	13,562,700
Canadian Preferred	3,053,475	3,373,146	2,686,316	2,727,703
US Preferred	991,866	3,261,831	1,193,718	3,298,455
Mutual Funds/ETFs				
Equity	45,449,489	34,589,287	52,444,908	32,808,342
Fixed Income	30,017,335	51,323,317	33,132,594	51,676,565
Preferred	23,972,046	26,376,716	28,913,141	26,761,025
Alternative	35,125,682	24,023,844	32,268,837	20,982,067
	$ 209,102,394	$ 229,963,783	$ 213,454,852	$ 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.

The trustees of the pre-need and service trust funds provide a monthly statement that includes an accounting of interest, dividends, realized capital gains/losses, and unrealized capital gains. The interest, dividends, and realized capital gains/losses are then allocated, on a pro- rata basis, over the principal amount held in trust for each contract and for each line item of the contract that is not yet delivered. When the contract becomes at-need and the performance obligations are met, the principal and accumulated earnings relating to the delivered items on the contract are withdrawn from the trust fund and recognized as income in accordance with relevant revenue recognition standards.

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

	Fair value		Cost	
	June 30, 2022	December 31, 2021 *(Restated - see Note 4)*	June 30, 2022	December 31, 2021 *(Restated - see Note 4)*
Cash and cash equivalents	$ 14,403,865	$ 18,583,470	$ 14,403,866	$ 18,582,822
GIC's	25,626,129	26,174,084	25,626,129	26,174,084
Fixed Income			.	
Canadian				
Corporate	-	20,276	-	19,624
Government	-	18,254	-	18,419
US				
Corporate	5,638,536	8,889,255	5,655,540	8,826,965
Government	-	-	-	-
Equities				
Canadian	232,260	186,014	149,943	131,556
US	1,032,532	12,680,100	1,242,550	9,988,206
Canadian Preferred	5,888	-	6,624	-
US Preferred	226,691	2,310,949	266,462	2,274,136
Mutual Funds/ETFs				
Equity	84,879,348	102,369,828	109,778,957	104,864,670
Fixed Income	52,415,088	57,574,543	59,665,390	56,777,442
Preferred	-	-	-	-
Alternative	43,078,380	30,921,261	40,420,353	27,851,904
	$ 227,538,717	$ 259,728,034	$ 257,215,814	$ 255,509,828

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 June 30, 2022, the current face amount of pre-funded policies was $468,888,443 (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 June 30, 2022, were:

	January 1, 2022	Acquired in business combinations	Additions	Disposals	Foreign currency translation	June 30, 2022
Cost:						
Goodwill	$ 373,436,958	8,540,441	-	-	(221,068)	381,756,331
Non-compete agreements	13,359,690	1,000,000	73,360	-	(7,420)	14,425,630
Brand	24,993,500	780,000	-	-	-	25,773,500
Computer software	2,006,281	-	343,527	-	-	2,349,808
Total	413,796,429	10,320,441	416,887	-	(228,488)	424,305,269
Accumulated amortization:						
Non-compete agreements	5,556,101	-	634,785	-	(3,077)	6,187,809
Computer software	-	-	66,788	-	-	66,788
Total	5,556,101	-	701,573	-	(3,077)	6,254,597
Net book value	$ 408,240,328					$ 418,050,672

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 - see Note 4 and Note 7)*
Cost:						
Goodwill	$ 310,512,484	64,702,784	-	(1,848,344)	70,034	373,436,958
Non-compete agreements	9,989,074	3,369,026	-	-	1,590	13,359,690
Brand	16,161,000	8,832,500	-	-	-	24,993,500
Computer software	1,306,884	-	699,397	-	-	2,006,281
Total	337,969,442	76,904,310	699,397	(1,848,344)	71,624	413,796,429
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					$ 408,240,328

Amortization expense amounted to $701,573 and $824,760 for the six month periods ended June 30, 2022, and 2021, respectively. Amortization expense amounted to $319,030 and $358,198 for the three month periods ended June 30, 2022, and 2021, respectively.

14. PREPAID EXPENSES AND OTHER ASSETS

	June 30, 2022	December 31, 2021 *(Restated - see Note 4 and Note 7)*
Total current prepaid expenses and other assets	$ 6,249,909	$ 4,455,008

	June 30, 2022	December 31, 2021 *(Restated - see Note 4 and Note 7)*
Secured convertible debt investment	$ 4,876,362	$ 4,890,361
Prepaid expenses and other assets	447,255	792,504
Total non-current prepaid expenses and other assets	$ 5,323,617	$ 5,682,865

i) Non-current prepaid expenses and other assets

Included in non-current prepaid 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 six month period ended June 30, 2022, the Company recognized an impairment on other assets of $153,972. The impairment was included in other income (expenses).

15. LONG-TERM DEBT

	June 30, 2022	December 31, 2021 *(Restated - see Note 4)*
Revolving loan facility	$ 89,862,560	$ 86,019,782
Other debt	172,088	264,903
Deferred financing costs	(1,254,944)	(1,480,644)
Total	88,779,704	84,804,041
Current portion	102,423	168,148
Non-current portion	$ 88,677,281	$ 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 3.75x for the 5 year term, and the Company has the ability, through a U.S. subsidiary, to borrow funds in USD.

As at June 30, 2022, there was $89,862,560 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 six month period ended June 30, 2022, and 2021, the amortization of deferred financing costs was $216,120 and $307,852, respectively and for the three month period ended June 30, 2022, and 2021, the amortization of deferred financing costs was $107,730 and $126,249, respectively. As at June 30, 2022, standby letters of credit issued utilizing $593,493 of the credit line (as at December 31, 2021 - $602,637).

On July 12, 2022, the Company entered into an amendment to the Credit Facility, transitioning its borrowing capacity from C$300 million to US$240 million and extending the maturity date to August 31, 2027.

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 its debt covenants pursuant to the Credit Facility and the Debentures.

16. NOTES PAYABLE

	June 30, 2022	December 31, 2021 *(Restated - see Note 4)*
Notes payable	$ 11,971,387	$ 12,902,127
Current portion	1,747,836	3,449,682
Non-current portion	$ 10,223,551	$ 9,452,445

Notes payable

i) The Company has an outstanding note payable of $1,071,075 (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 $10,900,312 (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.

	June 30, 2022	December 31, 2021 *(Restated - see Note 4 and Note 7)*
Future minimum lease payments		
Due in less than one year	$ 1,783,796	$ 1,213,029
Due between one and two years	1,513,956	979,673
Due between two and three years	954,654	763,574
Due between three and four years	1,059,163	745,556
Due between four and five years	611,081	717,317
Due thereafter	678,652	1,207,511
Total	6,601,302	5,626,660
Interest	(840,324)	(778,915)
Present value of minimum lease payments	5,760,978	4,847,745
Current portion	1,575,123	1,081,669
Non-current portion	$ 4,185,855	$ 3,766,076

Lease liabilities interest expense charged to operations amounted to $163,083 and $130,387 for the six month period ended June 30, 2022, and 2021, respectively and $79,583 and $57,950 for the three month period ended June 30, 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 June 30, 2022, consists of the following:

	June 30, 2022
Balance at December 31, 2021 *(Restated - see Note 4)*	$ 65,237,067
Accretion expense in 2022	305,013
Foreign currency translation	(993,564)
Balance at June 30, 2022	$ 64,548,517

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 $1,933,998 and $1,988,498 for the six month period ended June 30, 2022, and 2021, respectively and $968,429 and $1,022,575 for the three month period ended June 30, 2022, and 2021, respectively. Accretion expense amounted to $305,013 and $290,370 for the six month period ended June 30, 2022, and 2021, respectively and $154,030 and $149,367 for the three month period ended June 30, 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:

	June 30, 2022	December 31, 2021 *(Restated - see Note 4 and Note 7)*
Cemetery and funeral merchandise, lots, crypts, and niches	$ 92,371,452	$ 88,363,062
Cemetery and funeral services	66,769,571	68,957,230
Total	$ 159,141,023	$ 157,320,292

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 six month period ended June 30, 2022, and 2021 were $6,120,111 or C$0.228 per share and $5,425,080 or C$0.228 per share, respectively. The total amount of dividends declared by the Company for the three month period ended June 30, 2022, and 2021 were $3,063,467 or C$0.114 per share and $2,754,846 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 *(Restated - see note 4)*	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 *(Restated - see Note 4)*	33,930,209	509,011,563
Shares issued pursuant to:		
Dividend reinvestment plan (i)	33,176	896,702
Equity incentive plan (Note 23)	69,727	1,421,641
Acquisition of non-controlling interest (iii)	-	(270,556)
Balance June 30, 2022	34,033,112	$ 511,059,350

(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 six month period ended June 30, 2022, 33,176 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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Finance costs:				
Interest on revolving loan facility (Note 15)	$ 429,510	$ 743,887	$ 730,207	$ 1,342,819
Interest on senior unsecured debentures (Note 18)	968,429	1,022,575	1,933,998	1,988,498
Interest on mortgages, other debt and notes payable (Note 15 and 16)	125,825	123,193	263,985	228,621
Interest on lease liabilities (Note 17)	79,583	57,950	163,083	130,387
Amortization of deferred financing costs (Note 15)	107,730	126,249	216,120	307,852
Accretion expense on senior unsecured debentures (Note 18)	154,030	149,367	305,013	290,370
Interest capitalized to construction	(140,763)	(54,494)	(332,346)	(76,848)
Unrealized foreign exchange on finance costs	(2,402)	(51,812)	1,320	(86,421)
Total	$ 1,721,942	$ 2,116,915	$ 3,281,380	$ 4,125,278

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. On June 1, 2022, the shareholders of the Company approved an increase to the aggregate maximum number of Common Shares that may be issued upon settlement of awards granted under the EIP by 700,000. The maximum number of Common Shares that may be issued upon the settlement of awards granted under the EIP may not exceed 3,100,000 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 the Chair's annual board retainer in the form of equity, although the Chair 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 settles 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.

	June 30, 2022	December 31, 2021
Outstanding, beginning of the period	47,748	38,068
Awarded	6,413	14,095
Redemptions	-	(5,014)
Dividend equivalents	211	599
Outstanding, end of the period	54,372	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 June 30, 2022, 138,401 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. The weighted average issuance price for the period ended June 30, 2022, was $26.68 (for the year ended December 31, 2021 - $27.84).

	June 30, 2022	December 31, 2021
Outstanding, beginning of the period	250,738	260,840
Awarded	69,527	171,933
Forfeited	-	(6,389)
Redemptions	(32,798)	(178,371)
Dividend equivalents	994	2,725
Outstanding, end of the period	288,461	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 June 30, 2022, 36,418 of the awarded and outstanding PSUs have vested.

	June 30, 2022	December 31, 2021
Outstanding, beginning of the period	112,226	24,537
Awarded	12,036	86,632
Forfeited	-	-
Redemptions	(36,929)	-
Dividend equivalents	391	1,057
Outstanding, end of the period	87,724	112,226

23. EQUITY INCENTIVE PLAN – continued

Options and Performance Options – continued

Grant Date	Expiry Date	Exercise Price	1-Jan-20	Granted	Exercised	Expired	Forfeited	31-Mar-22	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	680,000	781,667
	Weighted Average Exercise Price		$ 19.51	$ 16.05	$ 15.06	$ -	$ 18.84	$ 18.60	$ 18.84	$ 18.60

The compensation expenses in respect of EIP awards amounted to $2,685,243 and $1,835,849 for the six month period ended June 30, 2022, and 2021, respectively, and $1,220,065 and $1,081,172 for the three month period ended June 30, 2022, and 2021, respectively. Included in the compensation expenses are $40,945 and $24,143 for the six month period ended June 30, 2022, and 2021, respectively, of legal and administrative fees related to the issuance of EIP awards and $35,049 and $22,613 for the three month period ended June 30, 2022, and 2021. 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 June 30, 2022	Three Months Ended June 30, 2021 *(Restated - see Note 4)*	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021 *(Restated - see Note 4)*
Legal and other costs (i)	$ (33,059)	$ (11,235)	$ (156,545)	$ (44,283)
Loss on sale of non-strategic business (ii)	-	(679,601)	-	(679,601)
Impairment on other assets (Note 14)	-	-	(153,972)	-
Gain (Loss) on sale of property and equipment (Note 9)	1,857,050	23,240	1,838,018	14,278
	$ 1,823,991	$ (667,596)	$ 1,527,501	$ (709,606)

(i) Legal and other costs were $33,059 and $11,235 for the three month period ended June 30, 2022, and 2021, respectively, and $156,545 and $44,283 for the six month period ended June 30, 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.

(ii) On June 18, 2021, the Company completed the sale of all its outstanding shares of Parkland which represented a 50% ownership of Parkland. On closing, the Company received C$3,714,853 and a promissory note receivable of C$1,785,147. The note bears interest at a rate of 5% per annum and matures on December 18, 2021. The transaction resulted in a net loss of $679,601. The sale of Parkland did not represent a strategic shift in the Company's business and did not have a major effect on its operation and financial results.

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 June 30,		Six Months Ended June 30,	
	2022	2021 (Restated - see Note 4)	2022	2021 (Restated - see Note 4)
Directors' fees and management compensation	$ 1,218,863	$ 1,442,360	$ 3,321,082	$ 2,873,916

Directors' fees and management compensation included in share-based incentive were $1,576,803 and $991,348 for the six month period ended June 30, 2022, and 2021, respectively, and $650,903 and $673,543 for the three month period ended June 30, 2022, and 2021, respectively. As at June 30, 2022, included in accounts payable and accrued liabilities are directors' fees and management compensation of $617,342 (as at December 31, 2021 - $1,203,384).

26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Fair value of financial instruments

Cash, accounts receivable, current portion of pre-need receivables, accounts payable 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 June 30, 2022, the fair value of the secured debt investment in Humphrey's (see Note 14) is valued under Level 3.

As at June 30, 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 June 30, 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	$ 7,029,186	$ 7,029,186	$ -	$ -	$ -	$ 7,029,186
Fixed Income						
Canadian						
Corporate	589,040	572,961	-	-	-	572,961
Government	135,680	153,287	-	-	-	153,287
US						
Corporate	5,376,632	764,062	-	-	3,941,339	4,705,401
Government	-	-	-	-	-	-
Equities						
Canadian	43,921,826	53,133,349	-	-	-	53,133,349
US	5,762,974	4,898,317	-	-	-	4,898,317
Canadian Preferred	2,686,316	3,053,475	-	-	-	3,053,475
US Preferred	1,193,718	991,866	-	-	-	991,866
Mutual Funds/ETFs						
Equity	52,444,908	45,449,489	-	-	-	45,449,489
Fixed Income	33,132,594	30,017,335	-	-	-	30,017,335
Preferred	28,913,141	23,972,046	-	-	-	23,972,046
Alternative	32,268,837	-	-	35,125,682	-	35,125,682
	$ 213,454,852	$ 170,035,373	$ -	$ 35,125,682	$ 3,941,339	$ 209,102,394

Care and maintenance trust fund investments at December 31, 2021
(Restated - see 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	707,262	-	-	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	51,323,317	-	-	-	51,323,317
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 June 30, 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	$ 14,403,866	$ 14,403,865	$ -	$ -	$ -	$ 14,403,865
GIC's	25,626,129	25,626,129	-	-	-	25,626,129
Fixed Income						
Canadian						
Corporate	-	-	-	-	-	-
Government	-	-	-	-	-	-
US						
Corporate	5,655,540	5,638,536	-	-	-	5,638,536
Government	-	-	-	-	-	-
Equities						
Canadian	149,943	232,260	-	-	-	232,260
US	1,242,550	1,032,532	-	-	-	1,032,532
Canadian Preferred	6,624	5,888	-	-	-	5,888
US Preferred	266,462	226,691	-	-	-	226,691
Mutual Funds/ETFs						
Equity	109,778,957	84,879,348	-	-	-	84,879,348
Fixed Income	59,665,390	52,415,088	-	-	-	52,415,088
Preferred	-	-	-	-	-	-
Alternative	40,420,353	-	-	43,078,380	-	43,078,380
	$ 257,215,814	$ 184,460,337	$ -	$ 43,078,380	$ -	$ 227,538,717

Pre-need merchandise and service trust fund investments at December 31, 2021
(Restated - see 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	102,369,828	-	-	-	102,369,828
Fixed Income	56,777,442	57,574,543	-	-	-	57,574,543
Preferred	-	-	-	-	-	-
Alternative	27,851,904	-	-	30,921,261	-	30,921,261
	$ 255,509,828	$ 228,806,773	$ -	$ 30,921,261	$ -	$ 259,728,034

26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT – continued

Fair value of financial instruments – continued

(i) 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.

(ii) Other Price Risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market.

Unexpected volatility or illiquidity could occur due to legal, political, regulatory, economic or other developments, such as public health emergencies, including an epidemic or pandemic, natural disasters, war and related geopolitical risks, and may impair the portfolio manager's ability to carry out the objectives of the trust funds or cause the trust funds to incur losses. Neither the duration nor ultimate effect of any such market conditions, nor the degree to which such conditions may worsen can be predicted.

The portfolio manager adheres to specified investment constraints in relation to asset class and diversification, thus minimizing exposure to other price risk.

Other assets and liabilities are monetary items that are short-term in nature and not subject to other price risk.

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 14 ongoing construction commitments with the remaining balance of $20,971,843, primarily for the construction of mausoleum at Westminster Cemetery in Toronto, Ontario and for funeral homes, mausoleums, and cemetery development in the United States. To date, the Company has spent $11,675,099 on these construction commitments in progress. The Westminster project was substantially completed in the second quarter of 2022 and officially opened to the public on August 3, 2022.

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 total assets the Company has allocated based on the location of assets, as follows:

	June 30, 2022	December 31, 2021 *(Restated - see Note 4 and Note 7)*
Canada	$ 185,209,415	$ 186,641,477
United States	1,186,340,263	1,219,391,142
Total	$ 1,371,549,678	$ 1,406,032,619

For the Company's geographically segmented total liabilities the Company has allocated based on the location of liabilities, as follows:

	June 30, 2022	December 31, 2021 *(Restated - see Note 4 and Note 7)*
Canada	$ 180,512,206	$ 182,810,793
United States	639,393,777	683,188,376
Total	$ 819,905,983	$ 865,999,169

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

28. SEGMENTED INFORMATION – continued

Geographic information – continued

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021 *(Restated - see Note 4)*	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021 *(Restated - see Note 4)*
Net revenue:				
Net sales:				
Canada	$ 7,012,593	$ 7,477,384	$ 14,148,649	$ 15,173,517
United States	65,708,398	60,298,984	138,436,362	119,958,778
Total net sales	72,720,991	67,776,368	152,585,011	135,132,295
Income from care and maintenance funds:				
Canada	980,352	1,237,688	1,892,511	2,109,047
United States	1,269,073	1,336,578	2,698,396	2,458,717
Total income from care and maintenance funds	2,249,425	2,574,266	4,590,907	4,567,764
Interest income:				
Canada	90,180	96,670	171,340	505,391
United States	860,929	1,580,898	1,747,564	2,578,913
Total interest income	951,109	1,677,568	1,918,904	3,084,304
Total net revenue:				
Canada	8,083,125	8,811,742	16,212,500	17,787,955
United States	67,838,400	63,216,460	142,882,322	124,996,408
Total net revenue	$ 75,921,525	$ 72,028,202	$ 159,094,822	$ 142,784,363
Total net earnings:				
Canada	(1,179,854)	(2,336,884)	(2,592,298)	(3,749,327)
United States	6,987,740	8,171,542	17,102,202	17,350,014
Total net earnings	$ 5,807,886	$ 5,834,658	$ 14,509,904	$ 13,600,687

29. SUBSEQUENT EVENTS

On August 3, 2022, the Company entered into a definitive agreement to acquire substantially all the assets of Shackelford Corporation ("Shackelford"), a group of businesses consisting of eight stand-alone funeral homes, two stand-alone cemeteries and one on-site funeral home and cemetery located in and around the Savannah, Tennessee area. The Shackelford transaction is expected to be financed with funds from PLC's credit facility and available cash on hand. The Shackleford acquisition is anticipated to close in early September 2022 following receipt of regulatory approval.

On August 3, 2022, PLC announced the opening of the Westminster Funeral Home, an on-site funeral visitation and reception centre located in Toronto, Ontario.

On August 8, 2022, the Company acquired substantially all of the assets of Farris Funeral Service, Inc. and Affiliated Service Group, Inc. ("Farris"), a business consisting of one stand-alone funeral home and one on-site funeral home and cemetery located in Abingdon, Virginia. The transaction was financed with funds from PLC's credit facility and available cash on hand.

30. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the June 30, 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

PARK LAWN CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Quarter Ending June 30, 2022

Contents

The following Management's Discussion and Analysis (this "**MD&A**") provides a review of corporate and market developments, results of operations and the financial position of Park Lawn Corporation ("**PLC**" or the "**Company**") for the three and six month periods ended June 30, 2022. This discussion should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and accompanying notes for the three and six month period ended June 30, 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 August 11, 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, as well as other pandemic, epidemic and health risks; risks associated with the conflict between Russia and Ukraine, including from the economic sanctions imposed or to be imposed as a result thereof, and supply chain disruptions resulting therefrom; adverse economic and financial market conditions, including from the COVID-19 pandemic and the conflict between Russia and Ukraine; a declining level of commercial activity, and the resulting negative impact on the demand for, and prices of, PLC's products and services; the impact of inflation on the Company's business; supply chain disruptions and product delivery delays; the failure to attract, develop and retain a diverse and talented team capable of furthering PLC's business strategies; the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market; 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; 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 (as defined below), and (b) achieving Adjusted Net Earnings Per Share exceeding $2.00 by the end of 2026 assumes: the achievement of approximately 70% of growth through acquisitions, and approximately 30% of growth through organic means; the ability to continue to acquire premier independent businesses in both new and existing markets, and to obtain the financing required to complete such acquisitions; the completion of acquisition opportunities in high-growth markets at a rate of $75-$125 million per year; the continued successful investments in individual businesses to achieve organic growth and in projects and initiatives which yield improved asset productivity, including mausoleum developments, the development of existing and new cemetery properties, and development of on-site funeral homes; recent and future acquisitions will perform as expected; multiples remaining at or below levels paid by PLC for previously announced acquisitions; acquisition and financing markets will remain accessible; that PLC will continue to effectively integrate the strategic partners and acquired businesses into the Company's existing operations; 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; the achievement of further market share penetration in the markets the Company currently operates in through further community involvement, exceptional customer service and target marketing; no material changes to the Company's earnings prospects; no material adverse impacts to the Company's long-term investments and credit markets; no significant changes to the industry landscape or regulatory environment; continued availability of skilled talent and source materials to execute on the Company's organic growth plans; favorable market conditions for share issuance to support growth financing; interest rates do not differ from historical ten year averages, average supplier prices consistent with external price curves and internal forecasts; no severe and prolonged economic downturn in the markets in which the Company operates; the continued maintenance of the Company's information technology infrastructure and no material breach of cybersecurity; no significant event occurring outside the ordinary course of business such as a natural disaster, pandemic or other calamity; no material changes in the Canadian dollar to U.S. dollar exchange rate; return to inflation to normal trends and average inflation rate based on historical trends; an increase in salaries based on market average assumptions; and a reduction in corporate costs as a percentage of revenue due to economies of scale. 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 June 30, 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 June 30, 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 June 30, 2022.

Consolidation

The Company's unaudited condensed interim consolidated financial statements for the period ended June 30, 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 dollar ("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 and six months ended June 30, 2022, and 2021, as well as period end exchange rates for each of the aforementioned periods, which were used to restate comparative figures.

CAD/USD Exchange Rate	Three month period ended,		Six month period ended,		Year ended
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	December 31, 2021
Closing rate at the reporting date	0.7768	0.8068	0.7768	0.8068	0.7888
Average rate for the period	0.7832	0.8144	0.7864	0.8023	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 sales.

  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 June 30, 2022.

- **Comparable Cemetery Operations –** means Comparable Operations from the Company’s cemetery businesses.

- **Comparable Funeral Operations** – means Comparable Operations from the Company’s funeral businesses.

- **Acquired Operations** – consists of business units or operating locations acquired by the Company during the period from January 1, 2021 and ending June 30, 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 USD. 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 the date of this MD&A, PLC and its subsidiaries operate in 3 Canadian provinces and 17 U.S. states, which consist of 137 cemeteries and 144 funeral homes (including 32 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. A detailed set of risks applicable to the Company are included in the Company’s Annual Information Form (“**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.

During the quarter ended June 30, 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 continued 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. 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 full extent of the impact 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 as at June 30, 2022, and the relevant comparable periods:

	June 30, 2022	December 31, 2021	December 31, 2020
Cash	$ 21,379,826	$ 20,785,798	$ 24,721,246
Total Assets	$ 1,371,549,678	$ 1,406,032,619	$ 1,202,118,574
Total Non-current liabilities	$ 777,318,969	$ 822,386,292	$ 758,353,878
Total Debt [1]	$ 171,060,586	$ 171,504,908	$ 190,576,902
Total Shareholder's Equity	$ 551,643,695	$ 540,033,450	$ 403,314,399
Number of Shares Issued and Outstanding	34,033,112	33,930,209	29,564,526
Quarterly Dividend Paid per Share (CAD)	$ 0.114	$ 0.114	$ 0.114
Leverage Ratio	1.09x	0.98x	1.55x
Interest Coverage Ratio	35.34x	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 six-month period ended June 30, 2022 (being an aggregate of $167,564,617, plus associated deferred financing costs of $1,254,944 and debt issuance costs of $2,241,025) 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) and for the year ended December 31, 2020 (being an aggregate of $185,615,566, plus the face amount of deferred financing costs of $1,595,445 and debt issuance costs of $3,365,891).

The following table provides selected financial information and analysis about PLC's performance in Q2 and YTD 2022 compared with Q2 and YTD 2021.

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	Increase(decrease)	2022	2021	Increase(decrease)
Net Revenue	$ 75,921,525	$ 72,028,202	$ 3,893,323	$ 159,094,822	$ 142,784,363	$ 16,310,459
Earnings From Operations	$ 7,799,638	$ 10,553,673	$ (2,754,035)	$ 21,200,017	$ 22,459,429	$ (1,259,412)
Net Earnings, PLC shareholders	$ 5,807,886	$ 5,807,870	$ 16	$ 14,509,904	$ 13,512,682	$ 997,222
Adjusted Net Earnings, PLC shareholders	$ 6,624,310	$ 8,782,108	$ (2,157,798)	$ 17,801,172	$ 18,296,339	$ (495,167)
Adjusted EBITDA, PLC shareholders	$ 15,605,747	$ 18,524,474	$ (2,918,727)	$ 37,020,820	$ 37,674,640	$ (653,820)
Adjusted EBITDA Margin	20.6%	25.8%	(520) bps	23.3%	26.5%	(320) bps
Net Earnings Per Share - Basic	$ 0.170	$ 0.194	$ (0.024)	$ 0.424	$ 0.453	$ (0.028)
Net Earnings Per Share - Diluted	$ 0.167	$ 0.192	$ (0.025)	$ 0.417	$ 0.449	$ (0.032)
Adjusted Net Earnings Per Share - Basic	$ 0.194	$ 0.293	$ (0.100)	$ 0.521	$ 0.613	$ (0.092)
Adjusted Net Earnings Per Share - Diluted	$ 0.190	$ 0.291	$ (0.101)	$ 0.511	$ 0.607	$ (0.096)
Adjusted EBITDA Per Share - Basic	$ 0.456	$ 0.619	$ (0.163)	$ 1.083	$ 1.263	$ (0.180)
Adjusted EBITDA Per Share - Diluted	$ 0.448	$ 0.613	$ (0.165)	$ 1.064	$ 1.251	$ (0.187)
Weighted Average Number of Common Shares						
Basic	34,216,943	29,933,752	4,283,191	34,183,665	29,840,361	4,343,304
Diluted	34,863,288	30,227,882	4,635,406	34,806,950	30,119,115	4,687,835

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

Second Quarter Summary

The following points summarize PLC's financial and operational highlights from Q2 2022:

- For the three month period ended June 30, 2022, net revenue increased by 5.4% to $75,921,525, compared to the three month period ended June 30, 2021. Revenue growth was supported by strong sales at the Company's Acquired Operations, which increased by $9,573,718. However, revenue growth from Comparable Operations decreased by $5,055,834, primarily due to decreases in property sales in certain cemetery businesses.
- Net earnings attributable to shareholders of PLC (the "**Shareholders**") remained flat and was $5,807,886 for the three month period ended June 30, 2022, compared to $5,807,870 for the three month period ended June 30, 2021.
- Net earnings margin for the three month period ended June 30, 2022, was 7.6% compared to an 8.1% margin for the three month period ended June 30, 2021.
- Earnings from operations decreased by 26.1% to $7,799,638, compared to the three month period ended June 30, 2021, as a result of decreases in high-margin property sales and operating expense increases primarily as a result of corporate and operating expense increases.
- Diluted net earnings per Common Share to Shareholders decreased by $0.026 or 13.3% for the three month period ended June 30, 2022, compared to the three month period ended June 30, 2021.
- Diluted Adjusted Net Earnings per Common Share to Shareholders decreased by $0.101 or 34.7% for the three month period ended June 30, 2022, compared to the three month period ended June 30, 2021.
- Adjusted EBITDA to Shareholders decreased by 15.8% to $15,605,747 for the three month period ended June 30, 2022, compared to the three month period ended June 30, 2021.
- Adjusted EBITDA margin for the three month period ended June 30, 2022, was 20.6%, a 520 bps decrease over the comparable period in 2021.
- As at June 30, 2022, the Company's Leverage Ratio was 1.09x, and inclusive of the Company's outstanding debentures was 1.95x.
- The Company's Interest Coverage Ratio increased 14.02x from June 30, 2021, to 35.34x at June 30, 2022, and inclusive of interest from the Company's outstanding debentures totaled 12.99x, as of June 30, 2022.
- At June 30, 2022, the Company had $90,456,053 outstanding on the Credit Facility (as hereinafter defined) including letters of credit and an undrawn balance of $149,543,947.
- 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. The Chancellor transaction represents 383 calls and 45 interments per year and following integration, is expected to add approximately $1.25 million in EBITDA. The Chancellor transaction was financed with available cash on hand.
- On June 6, 2022, the Company acquired 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 represents 341 calls per year and was financed with funds from the Credit Facility and available cash on hand. The agreed upon purchase price multiple for the Hudson transaction is within PLC's publicly stated targeted Adjusted EBITDA multiple range for transactions of this size and nature. Following integration, the Hudson acquisition is expected to add approximately $832,000 in Adjusted EBITDA.

Subsequent Events

- On August 3, 2022, PLC entered into a definitive agreement to acquire substantially all the assets of Shackelford Corporation ("**Shackelford**"), a group of businesses consisting of eight stand-alone funeral homes, two stand-alone cemeteries and one on-site funeral home and cemetery located in and around the Savannah, Tennessee area. The Shackelford transaction represents 1,577 calls per year and 152 interments and is expected to be financed with funds from PLC's credit facility and available cash on hand. The agreed purchase price multiple for the Shackelford transaction is slightly greater than PLC's publicly stated targeted Adjusted EBITDA multiple range for transactions of this size and nature. Following the closing and integration, the Shackelford acquisition is expected to add approximately US$3,400,000 in Adjusted EBITDA annually. The Shackelford acquisition is anticipated to close in early September 2022 following the receipt of regulatory approval.
- On August 3, 2022, PLC announced the opening of the Westminster Funeral Home. This state-of-the-art 32,100 square foot on-site funeral visitation and reception centre is located in Toronto, Ontario and will add to the organic growth strategy of the Company.
- On August 8, 2022, following the receipt of regulatory approval, PLC completed its acquisition of substantially all the assets of Farris Funeral Service, Inc. and Affiliated Service Group, Inc. ("**Farris**"), a group of businesses consisting of one stand-alone funeral home and one on-site funeral home and cemetery located in Abingdon, Virginia. The Farris transaction represents 358 calls per year and 224 interments and was financed with funds from the Credit Facility and available cash on hand. The agreed upon purchase price multiple for the Farris transaction is within PLC's publicly stated targeted Adjusted EBITDA multiple range for transactions of this size and nature. Following integration, the Farris acquisition is expected to add approximately US$1,150,000 in Adjusted EBITDA annually.

Discussion of Operating Results

Three Months ended June 30, 2022

Net Revenue less Cost of Sales

Net revenue less cost of sales for the three month period ended June 30, 2022, was $63,198,335 compared to $60,466,143, in the same period in 2021. This represents an increase of $2,731,922 or 4.5%, 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 June 30, 2022, and 2021 are as follows:

	June 30, 2022	June 30, 2021
Net sales	$ 72,720,991	$ 67,776,368
Income from care and maintenance funds	2,249,425	2,574,266
Interest and other income	951,109	1,677,568
Net revenue	75,921,525	72,028,202
Cost of sales	12,723,190	11,561,789
Net revenue less cost of sales	$ 63,198,335	$ 60,466,413

Net revenue for the three month period ended June 30, 2022, was $75,921,525 compared to $72,028,202 in the same period in 2021. This represents an increase of $3,893,323 or 5.4%, over the same period in 2021.

Net revenue increased 13.3% due to Acquired Operations, offset by a decrease in revenue from Comparable Operations and from the disposition of the Company's Manitoba and Saskatchewan businesses ("**Parkland**") during the three month period ended June 30, 2021.

Net revenue from Comparable Operations decreased by 7.4% when compared to the same period in 2021 primarily due to decreases in at-need and pre-need property sales year-over-year from certain cemetery businesses, which decreased 21.8% year-over-year.

Comparable Operations for the second quarter of 2022 experienced a 2.1% increase in average revenue per call compared to the three month period ended June 30, 2021, due to families' continued desire to memorialize loved ones, as well as pricing changes made in the normal course. However, this growth was offset as call volumes decreased 3.3% year-over-year and a 163 bps increase in the cremation rate. At-need and pre-need property sales decreased by $4,381,309, primarily at certain cemetery businesses in select markets. The decrease in at-need property sales was due to an expected decline in Covid-related activity. The decrease in property sales accounts for 84.9% of the decrease in net revenue from Comparable Operations.

Income from the Company's care and maintenance trust funds (the "**Care and Maintenance Trust Funds**") for the three month period ended June 30, 2022, was $2,249,425 compared to $2,574,266 in the same period of 2021, which represents a decrease of $324,841 or 12.6%. This decrease is primarily driven from the timing of distributions from certain investments of the trust funds during the three month period ended June 30, 2021.

Interest and other income for the three month period ended June 30, 2022, was $951,109 compared to $1,677,568 in the same period in 2021, which represents a decrease of $726,459 or 43.3%. This decrease relates primarily to special distributions from certain real estate investments of the pre-need trust fund in the state of Michigan of $679,238.

Cost of sales for the three month period ended June 30, 2022, was $12,723,190 compared to $11,561,789 in the same period in 2021. This represents an increase of $1,161,401 or 10.0%, over the same period in 2021. This increase was primarily a result of Acquired Operations acquired subsequent to the three-month period ended June 30, 2021. Acquired Operations increased cost of sales by $1,381,030, which was offset by a decrease in the amortization of cemetery property in the amount of $317,954 due to the decrease in cemetery property sales.

Operating Expenses

Operating expenses for the three month period ended June 30, 2022, were $55,398,697 compared to $49,912,740 in the same period in 2021. This represents an increase of $5,485,957 or 11.0% over the same period in 2021, as indicated below:

	June 30, 2022	June 30, 2021
General and administrative	$ 36,316,629	$ 31,222,247
Amortization of intangibles	319,030	358,198
Maintenance	7,537,286	6,583,340
Advertising and selling	8,283,745	8,550,868
Finance costs	1,721,942	2,116,915
Share based incentive compensation	1,220,065	1,081,172
	$ 55,398,697	$ 49,912,740

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 Acquired Operations and corporate activities.

The Company's general and administrative expenses increased $4,295,238 as a result of the Acquired Operations and increases in corporate costs by $762,711. Increases in corporate costs were primarily associated with recent and expected growth of the Company, increases in attendance at conferences and travel costs, and the timing of banquets and legal costs incurred. These increases were partially offset due to a reduction in incentive compensation accrual for corporate employees. Other decreases of $374,095 were a result of the sale of the Company's Manitoba and Saskatchewan businesses during the three month period ended June 30, 2021.

Advertising and selling expenses decreased by $267,123. Advertising and selling expenses decreased at Comparable Operations by $821,350 primarily as a result of decreased commissions associated with decreased sales year-over-year, offset in-part by an additional $563,358 from Acquired Operations.

Maintenance expenses increased by $953,946 or 14.5% primarily due to inflationary costs at the Company's cemetery businesses. Comparable Operations saw increases of $604,054 primarily due to increases in the costs of labour, landscaping maintenance, utilities and fuel.

Finance costs for the three month period ended June 30, 2022, primarily include interest expense on the Credit Facility and interest expense on the Debentures. Finance costs decreased by $394,973 for the three month period ended June 30, 2022, compared to the same period in 2021 as a result of $27,734,955 less debt outstanding on the Company's Credit Facility year-over-year. The interest rate on the Credit Facility was 1.9% at June 30, 2022, compared to 1.1% at December 31, 2021, and 2.1% compared to June 30, 2021. 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, June of 2020, June of 2022 and July of 2022. Compensation expenses associated with these units for the three month period ended June 30, 2022, were $1,220,065 compared to $1,081,172 for the same period in 2021, which represents an increase of $138,893. 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 June 30, 2022, compensation expenses increased by $305,502 due to additional units awarded in the second quarter of 2022, offset in-part by the vesting of Options in the aggregate amount of $147,967 during the first quarter of 2022, when compared to the three month period ended June 30, 2021.

As a result of the above, earnings from operations for the three month period ended June 30, 2022, totaled $7,799,638 compared to $10,553,673 for the same period in 2021. This represents a decrease of $2,754,035 or 26.1%.

Acquisition and integration costs, Other income (expenses) and Income tax expense for the three month period ended June 30, 2022, and 2021 are as follows:

	June 30, 2022	June 30, 2021
Earnings from operations	$ 7,799,638	$ 10,553,673
Acquisition and integration costs	(1,642,477)	(1,308,967)
Other income (expenses)	1,823,991	(667,596)
Earnings before income taxes	7,981,152	8,577,110
Income tax expense	2,173,266	2,742,452
Net earnings for the period	$ 5,807,886	$ 5,834,658

During the three month period ended June 30, 2022, and 2021, the Company incurred acquisition and integration expenses of $1,642,477 and $1,308,967, 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:

- $33,059 and $11,235 of expenses for the three month period ended June 30, 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.
- the sale of all the Company's outstanding shares of Parkland on June 18, 2021, which represented a 50% ownership of Parkland. On closing, the Company received C$3,714,853 and a promissory note receivable of C$1,785,147, which

carried an interest rate of 5.0% and matured on December 18, 2021. The transaction resulted in a net loss of $679,601. The sale of Parkland did not represent a strategic shift in the Company's business and did not have a major effect on its operational or financial results.

- Net gain of $1,857,050 related to the disposition of properties for the three month period ended June 30, 2022, and net gain of $23,240 related to the sale of miscellaneous equipment for the period ended June 30, 2021.

Income tax expense for the three month period ended June 30, 2022, was $2,173,266 compared to $2,742,452 for the same period in 2021. The effective tax rate for the three month period ended June 30, 2022, was 27.2% 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 32%. The higher rate in 2021 was due to higher non-deductible expenses, including a capital gain from the sale of Parkland.

As a result of the above, the Company's net earnings for the three month period ended June 30, 2022, totaled $5,807,886 compared to $5,834,658 for the same period in 2021, which represents a decrease of $26,772 or 0.5% over the same period in 2021.

Earnings Per Share

The weighted average diluted number of Common Shares outstanding for the three month period ended June 30, 2022, increased to 34,863,288 compared to 30,227,882 for the same period in 2021, an increase of 4,635,406 or 15.3%. 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 June 30, 2022, were $0.167 compared to $0.192 for the same period in 2021.

Adjusted Net Earnings

Net earnings for the three month period ended June 30, 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 June 30, 2022, and 2021 to the Company's net earnings:

	Three Months Ended June 30,			
	2022		2021	
Net Earnings	$	5,807,886	$	5,807,870
Adjusted for the impact of:				
Amortization of intangible assets		319,030		358,198
Share based compensation		1,220,065		1,081,172
Acquisition and integration costs		1,642,477		1,308,967
Other (income) expenses		(1,823,991)		667,596
Tax effect on the above items		(541,157)		(441,695)
Adjusted Net Earnings, PLC shareholders	$	6,624,310	$	8,782,108
Adjusted Net Earnings - per share				
Basic	$	0.194	$	0.293
Diluted	$	0.190	$	0.291
Weighted Average Shares				
Basic		34,216,943		29,933,752
Diluted		34,863,288		30,227,882

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 June 30, 2022, was $6,624,310 and $0.190 per share, diluted, compared to $8,782,108 and $0.291 per Common Share for the same period in 2021. This represents a decrease of 24.6% in the Adjusted Net Earnings and 34.7% 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 June 30, 2022, and 2021 to earnings from operations:

	Three Months Ended June 30,			
	2022		2021	
Earnings from operations	$	7,799,638	$	10,553,673
Adjusted for the impact of:				
Finance costs		1,721,942		2,116,915
Depreciation and amortization		3,203,516		2,875,007
Amortization of cemetery property		1,660,586		1,978,540
Non-controlling interest		-		(80,832)
EBITDA, PLC shareholders		14,385,682		17,443,303
Share based compensation		1,220,065		1,081,172
Adjusted EBITDA, PLC shareholders	$	15,605,747	$	18,524,475
EBITDA, PLC shareholders - per share				
Basic	$	0.420	$	0.583
Diluted	$	0.413	$	0.577
Adjusted EBITDA, PLC shareholders - per share				
Basic	$	0.456	$	0.619
Diluted	$	0.448	$	0.613
Weighted Average Shares Outstanding				
Basic		34,216,943		29,933,752
Diluted		34,863,288		30,227,882

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 June 30, 2022, was $15,605,747 compared to $18,524,475 during the same period in 2021, which represents a decrease of $2,918,728 or 15.8%. The fully diluted Adjusted EBITDA per Common Share for the three month period ended June 30, 2022, was $0.448 compared to $0.613 for the same period in 2021, a quarter over quarter decrease of $0.165 or 26.9%.

The Adjusted EBITDA profit margin for the three month period ended June 30, 2022, was 20.6% compared to 25.8% for the same period in 2021, representing a 520 bps decrease.

Six Months ended June 30, 2022

Net Revenue less Cost of Sales

Net revenue less cost of sales for the six months period ended June 30, 2022, was $132,693,315 compared to $119,970,177 in the same period in 2021. This represents an increase of $12,723,138 or 10.6%, 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 six months period ended June 30, 2022, and 2021 are as follows:

	June 30, 2022	June 30, 2021
Net sales	$ 152,585,011	$ 135,132,295
Income from care and maintenance funds	4,590,907	4,567,764
Interest and other income	1,918,904	3,084,304
Net revenue	159,094,822	142,784,363
Cost of sales	26,401,507	22,814,186
Net revenue less cost of sales	$ 132,693,315	$ 119,970,177

Net revenue for the six months period ended June 30, 2022, was $159,094,822 compared to $142,784,363 in the same period of 2021. This represents an increase of $16,310,459 or 11.4%, over the same period in 2021.

Net revenue increased primarily due to Acquired Operations, which increased $22,330,989 year-over-year, offset by a decrease in net revenue from Comparable Operations and the disposition of Parkland during the three month period ended June 30, 2021.

Net revenue from Comparable Operations decreased by 3.3% when compared to the same period in 2021 primarily due to decreases in pre-need property sales in the second quarter and net revenue from merchandise and services at the Company's cemetery businesses in the first quarter which decreased 13.3% year-over-year.

Decreases in cemetery sales were partially offset by strong averages year-over-year from the company's funeral businesses. Year-over-year net sales from Comparable Cemetery Operations decreased $6,393,654 or 8.4% due to reduced sales from merchandise and services primarily during the three-month period ended March 31, 2022, and a decline in property sales primarily during the three-month period ended June 30, 2022. The decrease in merchandise and services sales was in-part due to lengthening in lead times of post-sale merchandise as merchandise had been ordered by suppliers but not yet received and delivered to customers.

Comparable Operations for the first half of 2022 experienced a 4.3% increase in average revenue per call compared to the six month period ended June 30, 2021, due to families' continued desire to memorialize loved ones, as well as pricing changes at certain of the Company's businesses made in the normal course. However, this growth was partially offset as call volumes decreased 1.2% year-over-year and a 70 basis point increase in the cremation rate.

Income from the Care and Maintenance Trust Funds for the six month period ended June 30, 2022, was $4,590,907 compared to $4,567,764 in the same period of 2021, which represents an increase of $23,143 or 0.5%. This increase is primarily driven from income contributions from Acquired Operations, which contributed $260,931 of additional income offset by Comparable Operations which decreased $237,788 due to the timing and nature of distributions from the trust.

Interest and other income for the six month period ended June 30, 2022, was $1,918,904 compared to $3,084,304 in the same period in 2021, which represents a decrease of $1,165,400 or 37.8%. This decrease relates primarily to the special distributions from certain real estate investments of the pre-need trust fund in the state of Michigan of $679,238 in the second quarter of 2021, and to a loan relating to a land investment being repaid during the first quarter of 2021 of $316,319.

Cost of sales for the six month period ended June 30, 2022, was $26,401,507 compared to $22,814,186 in the same period in 2021. This represents an increase of $3,587,321 or 15.7%, over the same period in 2021. Cost of sales increased by 14.4% as a result of Acquired Operations, and the remaining 1.3% is a result of sales mix and general price increases in merchandise.

Operating Expenses

Operating expenses for the six month period ended June 30, 2022, were $111,493,298 compared to $97,510,748 in the same period in 2021. This represents an increase of $13,982,550 or 14.3% over the same period in 2021, as indicated below:

	June 30, 2022	June 30, 2021
General and administrative	$ 74,979,305	$ 61,825,146
Amortization of intangibles	701,573	824,760
Maintenance	13,825,401	12,252,958
Advertising and selling	16,020,396	16,646,757
Finance costs	3,281,380	4,125,278
Share based incentive compensation	2,685,243	1,835,849
	$ 111,493,298	$ 97,510,748

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 Acquired Operations and corporate activities.

General and administrative expenses increased by $13,154,159 or 21.3%. The increase from Acquired Operations is $10,624,264 which represents 80.8% of the overall increase. Corporate costs increased by $1,947,959 which is primarily associated with recent and expected growth of the Company, increases in conferences and travel costs, and the timing of banquets and legal costs incurred. These increases were partially offset due to a reduction in incentive compensation accrual for corporate employees. General and administrative costs from Comparable Operations excluding corporate costs, increased by $1,393,066 predominantly due to increased labour costs and other inflationary costs such as utilities and fuel. Other decreases of $811,130 were a result of the sale of the Company's Manitoba and Saskatchewan businesses during the three month period ended June 30, 2021.

Advertising and selling expenses decreased by $626,361. Advertising and selling expenses from Comparable Operations decreased by $1,693,021 primarily due to less commissions expense associated with cemetery sales and reorganizing of incentive plans at certain businesses, offset in-part by an additional $1,093,179 from Acquired Operations.

Maintenance expenses increased by $1,572,443 or 12.8% primarily due to inflationary costs at the Company's cemetery businesses. Comparable Operations saw increases of $840,116 primarily due to increases in costs such as labour and contract labour, landscape maintenance, utilities and vehicle fuel primarily in the second quarter.

Finance costs for the six month period ended June 30, 2022, primarily include interest expense on the Credit Facility and interest expense on the Debentures. Finance costs decreased by $843,898 for the six month period ended June 30, 2022, compared to the same period in 2021 as a result of $27,734,955 less debt outstanding on the Company's Credit Facility year-over-year. The interest rate on the Credit Facility was 1.9% at June 30, 2022, compared to 1.1% at December 31, 2021, and 2.1% compared to June 30, 2021. Proceeds from the 2021 Financing 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.

Compensation expenses associated with awards granted under the EIP for the six month period ended June 30, 2022, was $2,685,243 compared to $1,835,849 for the same period in 2021, which represents an increase of $849,394. 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 six month period ended June 30, 2022, compensation expenses increased by $1,044,562 due to the vesting of awards in the second quarter of 2022, offset in-part by $147,967 due to options fully vesting in the first quarter of 2022, when compared to the same period in 2021.

As a result of the above, earnings from operations for the six month period ended June 30, 2022, totaled $21,200,017 compared to $22,459,429 for the same period in 2021. This represents a decrease of $1,259,412 or 5.6%.

Acquisition and integration costs, Other income (expenses) and Income tax expense, for the six month period ended June 30, 2022, and 2021 are as follows:

	June 30, 2022	June 30, 2021
Earnings from operations	$ 21,200,017	$ 22,459,429
Acquisition and integration costs	(2,756,316)	(2,233,806)
Other income (expenses)	1,527,501	(709,606)
Earnings before income taxes	19,971,202	19,516,017
Income tax expense	5,461,298	5,915,330
Net earnings for the period	$ 14,509,904	$ 13,600,687

During the six month period ended June 30, 2022, and 2021, the Company incurred acquisition and integration expenses of $2,756,316 and $2,233,806, 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:

- $156,545 and $44,283 of expenses for the six month periods ended June 30, 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.
- The sale of Parkland, on June 18, 2021, whereby, the Company received C$3,714,853 and a promissory note receivable of C$1,785,147, which carried an interest rate of 5.0% and matured on December 18, 2021. The transaction resulted in a net loss of $679,601. The sale of Parkland did not represent a strategic shift in the Company's business and did not have a major effect on its operational or financial results.
- $153,972 impairment on other assets during the six month period ended June 30, 2022.
- Net gain of $1,838,018 related to disposition of properties for the six month period ended June 30, 2022, and net gain of $14,278 related to the sale of miscellaneous equipment for the period ended June 30, 2021.

Income tax expense for the six month period ended June 30, 2022, was $5,461,298 compared to $5,915,330 for the same period in 2021. The effective tax rate for the six month period ended June 30, 2022, was 27.3% 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 30.3%. The higher rate in 2021, was due to higher non-deductible expenses, including a capital gain relating to the sale of Parkland.

As a result of the above, the Company's net earnings for the six month period ended June 30, 2022, totaled $14,509,904 compared to $13,600,687 for the same period in 2021 which represents an increase of $909,217 or 6.7% over the same period in 2021.

Earnings Per Share

The weighted average diluted number of Common Shares outstanding for the six month period ended June 30, 2022, increased to 34,806,950 compared to 30,119,115 for the same period in 2021, an increase of 4,687,835 or 15.6%. The increase in outstanding Common Shares relates primarily to 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 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 six month period ended June 30, 2022, were $0.417 compared to $0.449 for the same period in 2021.

Adjusted Net Earnings

Net earnings for the six month period ended June 30, 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 six month period ended June 30, 2022, and 2021 to the Company's net earnings:

		Six Months Ended June 30,		
		2022		2021
Net Earnings	$	14,509,904	$	13,512,681
Adjusted for the impact of:				
Amortization of intangible assets		701,573		824,760
Share based compensation		2,685,243		1,835,849
Acquisition and integration costs		2,756,316		2,233,806
Other (income) expenses		(1,527,501)		709,606
Tax effect on the above items		(1,324,363)		(820,363)
Adjusted Net Earnings, PLC shareholders	$	17,801,172	$	18,296,339
Adjusted Net Earnings - per share				
Basic	$	0.521	$	0.613
Diluted	$	0.511	$	0.607
Weighted Average Shares				
Basic		34,183,665		29,840,361
Diluted		34,806,950		30,119,115

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

Adjusted Net Earnings attributable to Shareholders for the six month period ended June 30, 2022, was $17,801,172 and $0.511 per share, diluted, compared to $18,296,339 and $0.607 per Common Share for the same period in 2021. This represents a decrease of 2.7% in the Adjusted Net Earnings and 15.8% in the Adjusted Net Earnings per Common Share over the same six month period in 2021.

EBITDA and Adjusted EBITDA

The table below reconciles EBITDA and Adjusted EBITDA for the six month period ended June 30, 2022, and 2021 to earnings from operations:

	Six Months Ended June 30, 2022		Six Months Ended June 30, 2021	
Earnings from operations	$	21,200,017	$	22,459,429
Adjusted for the impact of:				
Finance costs		3,281,380		4,125,278
Depreciation and amortization		6,428,627		5,805,823
Amortization of cemetery property		3,425,553		3,636,886
Non-controlling interest		-		(188,625)
EBITDA, PLC shareholders		34,335,577		35,838,791
Share based compensation		2,685,243		1,835,849
Adjusted EBITDA, PLC shareholders	$	37,020,820	$	37,674,640
EBITDA, PLC shareholders - per share				
Basic	$	1.004	$	1.201
Diluted	$	0.986	$	1.190
Adjusted EBITDA, PLC shareholders - per share				
Basic	$	1.083	$	1.263
Diluted	$	1.064	$	1.251
Weighted Average Shares Outstanding				
Basic		34,183,665		29,840,361
Diluted		34,806,950		30,119,115

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

Adjusted EBITDA attributable to Shareholders for the six month period ended June 30, 2022, was $37,020,820 compared to $37,674,640 during the same period in 2021, which represents a decrease of $653,820 or 1.7%. The fully diluted Adjusted EBITDA per Common Share for the six month period ended June 30, 2022, was $1.064 compared to $1.251 for the same period in 2021, a year over year decrease of $0.187 or 14.9%.

The Adjusted EBITDA profit margin for the six month period ended June 30, 2022, was 23.3% compared to 26.5% for the same period in 2021, representing a 320 bps decrease.

Geographic Information

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

	June 30, 2022	December 31, 2021 *(Restated - see Note 4 and Note 7)*
Canada	$ 185,209,415	$ 186,641,477
United States	1,186,340,263	1,219,391,142
Total	$ 1,371,549,678	$ 1,406,032,619

For the Company's geographically segmented total liabilities the Company has allocated based on the location of liabilities, as follows:

	June 30, 2022	December 31, 2021 *(Restated - see Note 4 and Note 7)*
Canada	$ 180,512,206	$ 182,810,793
United States	639,393,777	683,188,376
Total	$ 819,905,983	$ 865,999,169

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 June 30, 2022	Three Months Ended June 30, 2021 *(Restated - see Note 4)*	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021 *(Restated - see Note 4)*
Net revenue:				
Net sales:				
Canada	$ 7,012,593	$ 7,477,384	$ 14,148,649	$ 15,173,517
United States	65,708,398	60,298,984	138,436,362	119,958,778
Total net sales	72,720,991	67,776,368	152,585,011	135,132,295
Income from care and maintenance funds:				
Canada	980,352	1,237,688	1,892,511	2,109,047
United States	1,269,073	1,336,578	2,698,396	2,458,717
Total income from care and maintenance funds	2,249,425	2,574,266	4,590,907	4,567,764
Interest income:				
Canada	90,180	96,670	171,340	505,391
United States	860,929	1,580,898	1,747,564	2,578,913
Total interest income	951,109	1,677,568	1,918,904	3,084,304
Total net revenue:				
Canada	8,083,125	8,811,742	16,212,500	17,787,955
United States	67,838,400	63,216,460	142,882,322	124,996,408
Total net revenue	$ 75,921,525	$ 72,028,202	$ 159,094,822	$ 142,784,363
Total net earnings/loss:				
Canada[1]	(1,179,854)	(2,336,884)	(2,592,298)	(3,749,327)
United States	6,987,740	8,171,542	17,102,202	17,350,014
Total net earnings/loss:	$ 5,807,886	$ 5,834,658	$ 14,509,904	$ 13,600,687

[1] Canada's net loss includes shared based incentive compensation and public company costs.

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. Investment income from the Care and Maintenance Trust Funds are used to defray eligible cemetery care and maintenance expenses. The Company had a net working capital of $40,562,021 as of June 30, 2022, including $21,379,826 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 extended 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 on August 31, 2021, 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. On July 12, 2022, the Company entered into an amendment to the Credit Facility, transitioning its borrowing capacity from C$300 million to US$240 million and extending the maturity date to August 31, 2027.

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. The Company's Leverage Ratio and Interest Coverage Ratio will fluctuate depending on its earnings, interest rates and the amount of its outstanding debt. As of June 30, 2022, the Company was in compliance with both covenant tests with the Leverage Ratio being 1.09 times and the Interest Coverage Ratio being 35.34 times.

At June 30, 2022, the Company had $90,456,053 outstanding on the Credit Facility including letters of credit totaling $593,493. The Company has an undrawn balance on its Credit Facility of $149,543,947 and $21,379,826 in cash on hand as at June 30, 2022.

As at June 30, 2022, the Company had other debt of $12,143,477 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 $5,760,979 in lease liabilities, and the Debentures balance as at June 30, 2022, was $64,548,517, net of debt issuance costs and accretion expense of $2,241,025.

Management believes that cash from operating activities, future debt financings, and the Credit Facility will be sufficient to support the Company's ongoing business operations, growth initiatives and debt repayment obligations. The Company's cash on hand will fluctuate depending on its revenues, timing of receivables, and inflationary pressures resulting in increased expenses and interest rates. 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.

	Jul 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	$ -	$ -	$ -	$ -	$ 89,862,560	$ -	$ 89,862,560 (1)
Other long-term debt	76,606	45,618	30,389	13,855	5,621	-	172,088
Notes payable	1,214,753	2,911,126	1,260,419	1,109,828	901,524	4,573,738	11,971,387
Lease liabilities	925,839	1,622,652	1,172,080	887,114	786,857	1,092,731	6,487,273
Senior Unsecured Debentures	-	-	-	64,548,517	-	-	64,548,517
Construction commitments	10,264,466	10,707,376	-	-	-	-	20,971,843
Total	$ 12,481,664	$ 15,286,773	$ 2,462,888	$ 66,559,313	$ 91,556,562	$ 5,666,469	$ 194,013,668

(1) Excludes letters of credit issued of $593,493.

Commitments

As at June 30, 2022, the Company had 14 ongoing construction commitments (the "**Construction Commitments**") with the aggregate balance of $20,971,843, primarily for the construction of mausoleum at Westminster Cemetery in Toronto, Ontario and for funeral homes, mausoleums, and cemetery development in the United States. To date, the Company has spent $11,675,099 on the Construction Commitments in progress.

The Westminster project was substantially completed in the second quarter of 2022 and officially opened to the public on August 3, 2022. 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 $13,967,721 on the Westminster Project.

Land related to cemetery interment rights that have been sold do not retain any value. All interment or scattering rights related to cemetery lots, including any appreciation or depreciation in value, are held by the purchaser(s). When cemetery interment rights are sold to a customer, the corresponding expense is included in the "Cost of sales" line item on the consolidated statements of earnings and the sold property is removed from inventory on the statement of financial position.

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 and six month periods ended June 30, 2022, and 2021 compared to its dividend payout:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	**2021**	**2022**	**2021**
Cash provided by (used in) operating activities	$ 10,392,065	$ 11,970,092	$ 29,198,166	$ 27,396,007
Maintenance capital expenditures	(1,444,540)	(1,480,229)	(3,679,981)	(2,941,311)
Inventory additions	(1,066,073)	(1,018,228)	(1,291,175)	(1,692,650)
Lease payments	(536,221)	(489,025)	(883,684)	(863,171)
Free cash flow from operations	$ 7,345,231	$ 8,982,610	$ 23,343,326	$ 21,898,874
Free cash flow from operations per common share-diluted	$ 0.211	$ 0.297	$ 0.671	$ 0.727
Dividends per common share	$ 0.090	$ 0.090	$ 0.180	$ 0.180
Payout ratio	43%	30%	27%	25%
Weighted average shares outstanding - diluted	34,863,288	30,227,882	34,806,950	30,119,115

As calculated above, the Company's Free Cash Flow from operations was $7,345,231 for the three month period ended June 30, 2022, compared to $8,982,610 for the same period in 2021. This represents Free Cash Flow per fully diluted Common Share of $0.211 and $0.297 for the three month periods ended June 30, 2022, and 2021, respectively. The Company's Free Cash Flow from operations was $23,343,326 for the six month period ended June 30, 2022, compared to $21,898,874 for the same period in 2021. This represents Free Cash Flow per fully diluted Common Share of $0.671 and $0.727 for the six month periods ended June 30, 2022, and 2021, respectively.

The Company paid dividends of $0.090 per Common Share for the three month periods ended June 30, 2022, and 2021. The dividends paid represent 43% and 30% of Free Cash Flow for the three month periods ended June 30, 2022, and 2021, respectively. The Company paid dividends of $0.180 per Common Share for the six month periods ended June 30, 2022, and 2021. The dividends paid represent 27% and 25% of Free Cash Flow for the six month periods ended June 30, 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 June 30, 2022, and 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
June, 2022	June 30, 2022	July 15, 2022	C$0.114

Care and Maintenance Trust Funds

Provincial and state regulations allow for periodic withdrawals of income from the Care and Maintenance Trust Funds and the Company generally requests that the trustee distribute allowable income monthly. The trustees of the Care and Maintenance Trust Funds provide a monthly statement that includes an accounting of interest, dividends, realized capital gains/losses, and unrealized capital gains. The Company accrues income at the end of a reporting period when the income will not be distributed until the beginning of the next period to the extent it has expenses, as defined by applicable state and provincial regulations, in excess of the income generated by the trust.

Annually, in accordance with certain provincial and state regulations, the Company provides, to the respective governing bodies, a reconciliation of income withdrawn relative to allowable costs.

The Company defers any income from the Care and Maintenance Trust Funds to the extent it does not incur any allowable expenses.

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 six month period ended June 30, 2022, the Company contributed $5,829,508 to the Care and Maintenance Trust Funds compared to $4,754,422 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 June 30, 2022, the aggregate balance of the Care and Maintenance Trust Funds was $209,102,394 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 June 30, 2022, the Company had net unrealized loss in the Care and Maintenance Trust Funds of $4,352,458, which represents a 2.0% net unrealized loss 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**"). The trustees of the Pre-Need and Service Trust Funds provide a monthly statement that includes an accounting of interest, dividends, realized capital gains/losses, and unrealized capital gains. The interest, dividends, and realized capital gains/losses are then allocated, on a pro- rata basis, over the principal amount held in trust for each contract and for each line item of the contract that is not yet delivered. When the contract becomes at-need and the performance obligations are met, the principal and accumulated earnings relating to the delivered items on the contract are withdrawn from the trust fund and recognized as income in accordance with relevant revenue recognition standards. During the six month period ended June 30, 2022, the Company contributed $8,924,279 to the Pre-Need Merchandise and Service Trust Funds compared to $9,491,755 during the same period in 2021. 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 June 30, 2022, of $227,538,717 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 June 30, 2022, the Company had net unrealized losses in the Pre-Need Merchandise and Service Trust Funds of $29,677,097, which represents a 11.5% net unrealized loss to the original cost basis.

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. As at June 30, 2022, the current face amounts of pre-funded policies were $468,888,443 (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 June 30, 2022, and December 31, 2021, the Company had surety bonds in place having an aggregate face value of $30,857,141 and $28,215,375, respectively.

Unaudited Quarterly Information

	2022 Q2	2022 Q1	2021 Q4	2021 Q3
Net revenue	$75,921,525	$83,173,297	$78,949,931	$73,038,015
Operating expenses	$55,398,697	$56,094,601	$53,243,926	$49,797,635
Earnings from operations	$7,799,638	$13,400,379	$11,914,632	$11,661,357
Net earnings, PLC shareholders	$5,807,886	$8,702,018	$7,113,666	$7,186,518
Adjusted net earnings, PLC shareholders (1)	$6,624,310	$11,176,862	$10,150,171	$9,586,000
Adjusted EBITDA, PLC shareholders (2)	$15,605,747	$21,415,073	$19,954,978	$18,654,959
Adjusted EBITDA margin (2)	20.6%	25.7%	25.3%	25.6%
Net earnings per share - basic, PLC shareholders (3)	$0.170	$0.255	$0.209	$0.231
Net earnings per share - diluted, PLC shareholders (3)	$0.167	$0.250	$0.206	$0.229
Adjusted Net Earnings per share - basic, PLC shareholders (1), (3)	$0.194	$0.327	$0.298	$0.308
Adjusted Net Earnings per share - diluted, PLC shareholders (1), (3)	$0.190	$0.321	$0.294	$0.305
Adjusted EBITDA per share - basic, PLC shareholders (2), (3)	$0.456	$0.627	$0.585	$0.600
Adjusted EBITDA per share - diluted, PLC shareholders (2), (3)	$0.448	$0.615	$0.579	$0.593

	2021 Q2	2021 Q1	2020 Q4	2020 Q3
Net revenue	$72,028,202	$70,756,161	$69,057,488	$60,256,285
Operating expenses	$49,912,740	$47,598,008	$47,663,075	$44,157,186
Earnings from operations	$10,553,673	$11,905,756	$10,138,324	$6,711,608
Net earnings, PLC shareholders	$5,807,870	$7,704,812	$4,782,068	$4,056,030
Adjusted net earnings, PLC shareholders (1)	$8,782,108	$9,514,232	$8,039,335	$5,816,876
Adjusted EBITDA, PLC shareholders (2)	$18,524,474	$19,150,167	$18,436,803	$14,340,466
Adjusted EBITDA margin (2)	25.8%	27.2%	27.0%	24.0%
Net earnings per share - basic, PLC shareholders (3)	$0.194	$0.258	$0.160	$0.136
Net earnings per share - diluted, PLC shareholders (3)	$0.192	$0.256	$0.159	$0.135
Adjusted Net Earnings per share - basic, PLC shareholders (1), (3)	$0.293	$0.319	$0.269	$0.195
Adjusted Net Earnings per share - diluted, PLC shareholders (1), (3)	$0.291	$0.316	$0.268	$0.194
Adjusted EBITDA per share - basic, PLC shareholders (2), (3)	$0.619	$0.642	$0.617	$0.481
Adjusted EBITDA per share - diluted, PLC shareholders (2), (3)	$0.613	$0.636	$0.615	$0.479

(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.

The changes in the Company's quarter over quarter results are primarily the result of growth in revenue through acquisitions as well as organic growth. The Company's business is not seasonal in nature but can be generally subject to some seasonal fluctuations.

Related Party Transactions

The Company's related parties include the following persons and entities: (i) associates, or entities which are controlled or significantly influenced by the Company; and (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 of directors of the Company, 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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Directors' fees and management compensation	$ 1,218,863	$ 1,442,360	$ 3,321,082	$ 2,837,916

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 Chief Executive Officer and Chief Financial Officer, 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 Chief Executive Officer and Chief Financial Officer, 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 Chief Executive Officer and Chief Financial Officer 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 June 30, 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 Chief Executive Officer and Chief Financial Officer have limited the scope of design of disclosure controls and procedures and internal control over financial reporting to exclude controls, policies and procedures of Williamson Businesses acquired in the third quarter of 2021, Smith Businesses and Ingram acquired in the fourth quarter of 2021 and Chancellor and Hudson acquired in the second quarter of 2022.

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 the acquisitions of Williamson Businesses in the third quarter of 2021, Smith Businesses and Ingram acquired in the fourth quarter of 2021 and Chancellor and Hudson in the second quarter of 2022:

	June 30, 2022 Williamson/Smith	June 30, 2022 Ingram	June 30, 2022 Chancellor	June 30, 2022 Hudson
Net revenue	$ 6,531,354	$ 2,588,825	$ 575,278	$ 126,455
Net earnings	$ 1,015,435	$ 771,126	$ 222,269	$ 43,215
Current assets	$ 719,867	$ 328,732	$ 571,085	$ -
Non-current assets	$ 22,344,836	$ 3,956,974	$ 4,612,916	$ 1,337,088
Current liabilities	$ 1,070,782	$ 510,646	$ 175,812	$ -
Non-current liabilities	$ 13,680,213	$ 1,044,173	$ 363,376	$ 87,088

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 June 30, 2022, there were 34,033,112 Common Shares issued and outstanding, representing an increase of 102,903 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. In addition, the Company has 82,306 Common Shares reserved and available for grant and issuance under the EIP. As at June 30, 2022, 1,892,224 DSUs, RSUs, PSUs and Options were outstanding. As at August 10, 2022, there were 34,073,818 Common Shares issued and 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.