Condensed Interim Consolidated Financial Statements

2023

As at and for the three months ending
March 31, 2023 and 2022 | Unaudited

PARK LAWN
CORPORATION

<u>NOTICE TO READER</u>

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

<u>(signed) "*Deborah Robinson*"</u>	<u>(signed) "*Marilyn Brophy*"</u>
Deborah Robinson	Marilyn Brophy
Chair, Director	Director

PARK LAWN CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
AS AT MARCH 31, 2023 AND DECEMBER 31, 2022
(U.S. dollars unless otherwise stated)

	March 31, 2023	December 31, 2022 *(Restated, Measurement Period Adjustment - see Note 5)*
Assets		
Current assets		
Cash	$ 34,123,034	$ 30,277,742
Accounts receivable (Note 3)	15,211,455	19,856,421
Pre-need receivables, current portion (Note 3)	25,993,823	28,192,812
Inventories, current portion (Note 4)	11,817,481	11,013,722
Prepaid expenses and other assets	4,933,809	3,654,259
	92,079,602	92,994,956
Non-current assets		
Pre-need receivables, net of current portion (Note 3)	73,762,254	71,106,794
Inventories, net of current portion (Note 4)	68,730,130	69,399,807
Land held for development (Note 6)	27,075,687	26,881,392
Property and equipment (Note 7)	275,710,014	270,896,910
Care and maintenance trust fund investments (Note 8)	213,828,789	209,459,602
Pre-need merchandise and service trust fund investments (Note 9)	246,296,518	239,292,825
Deferred tax assets	1,512,240	1,788,714
Goodwill and intangibles (Note 5 and 11)	468,943,074	459,786,835
Deferred commissions	31,313,875	30,881,614
Prepaid expenses and other assets	4,751,966	5,056,727
	1,411,924,547	1,384,551,220
TOTAL ASSETS	$ 1,504,004,149	$ 1,477,546,176
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 42,785,648	$ 46,737,441
Dividends payable	2,884,643	2,873,446
Current portion of long-term debt (Note 12)	37,030	43,622
Current portion of notes payable (Note 13)	2,541,167	14,213,582
Current portion of lease liabilities	1,609,379	1,501,111
	49,857,867	65,369,202
Non-current liabilities		
Long-term debt, net of current portion (Note 12)	170,482,349	150,122,645
Notes payable, net of current portion (Note 13)	10,997,390	10,821,758
Lease liabilities, net of current portion	3,836,148	4,262,169
Interest rate swaps (Note 23)	1,600,790	-
Senior Unsecured Debentures (Note 14)	61,935,739	61,650,585
Deferred tax liabilities	17,026,199	17,094,252
Deferred revenue (Note 15)	172,600,673	167,877,148
Care and maintenance trusts' corpus (Note 8)	213,828,789	209,459,602
Deferred pre-need receipts held in trust (Note 9)	246,296,518	239,292,825
	898,604,595	860,580,984
Shareholders' Equity		
Share capital (Note 17)	512,089,957	510,337,446
Contributed surplus	11,791,060	11,354,370
Accumulated other comprehensive loss	(6,963,121)	(7,026,942)
Retained earnings	38,623,791	36,931,116
	555,541,687	551,595,990
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,504,004,149	$ 1,477,546,176

Commitments and Contingencies (Note 24)
Subsequent Events (Note 26)

Approved by the Board of Directors

"Deborah Robinson"
Deborah Robinson - Chair, Director

"Marilyn Brophy"
Marilyn Brophy, 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 MONTHS ENDED MARCH 31, 2023 AND 2022
(U.S. dollars unless otherwise stated)

	Three Months Ended March 31, 2023	2022
Revenue		
Sales	$ 82,971,246	$ 79,849,576
Income from care and maintenance funds (Note 8)	2,698,845	2,341,482
Interest and other income	1,065,413	982,239
Total revenue	86,735,504	83,173,297
Operating expenses		
Cost of sales (Note 18)	15,089,505	13,678,317
General and administrative	34,979,825	32,793,309
Maintenance	6,077,914	6,281,339
Advertising and selling	7,484,238	7,687,210
Total operating expenses	63,631,482	60,440,175
Gross profit	23,104,022	22,733,122
Other expenses		
Corporate general and administrative	7,598,583	5,925,584
Amortization of intangibles (Note 11)	324,321	382,543
Finance costs (Note 19)	3,608,812	1,559,438
Fair value adjustment on interest rate swaps (Note 23)	1,600,790	-
Share-based incentive compensation (Note 20 and 22)	1,101,088	1,465,178
Acquisition and integration costs (Note 5)	1,793,282	1,113,839
Other (income) expenses (Note 21)	19,457	296,490
Total other expenses	16,046,333	10,743,072
Earnings before income taxes	7,057,689	11,990,050
Income tax expense	2,481,543	3,288,032
Net earnings for the period	$ 4,576,146	$ 8,702,018
Net earnings for the period		
- basic	$ 0.134	$ 0.255
- diluted	$ 0.132	$ 0.250
Weighted average number of common shares, net of shares held in trust (Note 20):		
- basic	34,258,113	34,163,346
- diluted	34,600,182	34,795,204

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

PARK LAWN CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(U.S. dollars unless otherwise stated)

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Net earnings for the period	$ 4,576,146	$ 8,702,018
Item of other comprehensive income to be subsequently reclassified to net earnings		
Foreign currency translation of foreign operations	63,821	29,840
Comprehensive income	$ 4,639,967	$ 8,731,858

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

PARK LAWN CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(U.S. dollars unless otherwise stated)

	# of Common Shares Issued and Outstanding	Share Capital	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income/Loss	Shareholders' Equity
Balance at January 1, 2022	33,930,209	$ 509,011,562	$ 11,939,676	$ 24,481,044	$ (5,398,833)	$ 540,033,449
Dividends declared (Note 16)	-	-	-	(3,056,644)	-	(3,056,644)
Equity incentive plan (Note 20)	-	-	1,459,282	-	-	1,459,282
Shares issued:						
Dividend reinvestment plan (Note 17 i)	7,303	214,621	-	-	-	214,621
Exercise of Equity incentive plan (Note 20)	19,734	443,492	(443,492)	-	-	-
Acquisition of non-controlling interest (Note 17 ii)	-	(270,556)	-	-	-	(270,556)
Foreign currency translation of foreign operations	-	-	-	-	29,840	29,840
Net earnings for the period	-	-	-	8,702,018	-	8,702,018
Balance at March 31, 2022	33,957,246	$ 509,399,119	$ 12,955,466	$ 30,126,418	$ (5,368,993)	$ 547,112,010
Balance at January 1, 2023	33,939,153	$ 510,337,446	$ 11,354,370	$ 36,931,116	$ (7,026,942)	$ 551,595,990
Dividends declared (Note 16)	-	-	-	(2,883,471)	-	(2,883,471)
Equity incentive plan (Note 20)	-	-	1,093,030	-	-	1,093,030
Shares issued:						
Dividend reinvestment plan (Note 17 i)	42,258	837,574	-	-	-	837,574
Exercise of Equity incentive plan (Note 20)	43,593	914,937	(656,340)	-	-	258,597
Foreign currency translation of foreign operations	-	-	-	-	63,821	63,821
Net earnings for the period	-	-	-	4,576,146	-	4,576,146
Balance at March 31, 2023	34,025,004	$ 512,089,957	$ 11,791,060	$ 38,623,791	$ (6,963,121)	$ 555,541,687

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 MONTHS ENDED MARCH 31, 2023 AND 2022
(U.S. dollars unless otherwise stated)

	Three Months Ended March 31, 2023	2022
Cash provided by (used in):		
Operating activities		
Net earnings for the period	$ 4,576,146	$ 8,702,018
Adjustments to reconcile net income to cash provided by (used in) operating activities:		
Acquisition and integration costs (Note 5)	1,793,282	1,113,839
Deferred tax expense	212,421	106,501
Depreciation of property and equipment, and amortization of intangibles (Note 7 and 11)	3,774,115	3,225,111
Cost of property sales (Note 18)	1,586,158	1,764,967
Deferred financing costs (Note 12 and 19)	137,634	108,389
Accretion expense on Senior Unsecured Debentures (Note 14 and 19)	151,486	150,983
Interest on lease liabilities (see Note 19)	157,365	83,505
Share based incentive compensation (Note 20)	1,093,030	1,459,282
Proceeds from excercised stock options	258,597	-
(Gain) loss on disposal of property and equipment (Note 7 and 21)	(37,077)	19,032
Impairment of other assets (Note 21)	-	153,972
Fair value adjustments on interest rate swaps (Note 23)	1,600,790	-
Changes in working capital that provided (required) cash:		
Accounts receivable (Note 3)	4,651,966	(500,912)
Net receipts on pre-need activity	3,841,112	2,223,988
Merchandise inventories	(58,089)	(218,346)
Prepaid expenses and other current assets	(1,078,621)	972,453
Accounts payable and accrued liabilities	(3,833,763)	(558,592)
Cash provided by (used in) operating activities	18,826,552	18,806,190
Investing activities		
Acquisition and integration costs (Note 5)	(1,793,282)	(1,113,839)
Net cash on acquisitions (Note 5)	(14,387,547)	-
Acquisition of non-controlling interest (Note 17)	-	(270,556)
Additions to cemetery property	(1,625,056)	(583,635)
Acquisition of property and equipment (Note 7)	(3,370,696)	(4,707,410)
Proceeds on disposal of property and equipment (Note 7)	496,965	323,016
Additions to intangible assets (Note 11)	(204,598)	(216,169)
Cash interest from other assets	114,832	-
Cash provided by (used in) investing activities	(20,769,382)	(6,568,593)
Financing activities		
Proceeds from issuance of long-term debt (Note 12)	24,750,000	269,675
Repayment of long-term debt (Note 12)	(4,328,083)	-
Repayment of note payable (Note 13)	(11,935,781)	(1,377,961)
Repayment of lease liabilities	(522,506)	(347,463)
Dividends and distributions paid (Note 16)	(2,040,700)	(803,667)
Financing costs	(214,878)	(3,645)
Cash provided by (used in) financing activities	5,708,053	(2,263,061)
Translation adjustment on cash	80,069	(58,250)
Net increase (decrease) in cash	3,845,292	9,916,286
Cash, beginning of period	30,277,742	20,785,798
Cash, end of period	$ 34,123,034	$ 30,702,084
Supplemental disclosures:		
Income taxes paid	$ 78,161	$ 60,140
Interest expenses paid	$ 2,245,047	$ 364,365

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 Toronto Stock Exchange (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 Standard 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, 2022, 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, 2022.

These unaudited condensed interim consolidated financial statements were approved by the board of directors of the Company (the "Board of Directors") on May 11, 2023.

b. Finance costs

Finance costs consist of interest expense on loans and borrowings, amortization of deferred financing costs and payments on interest rate swap arrangements.

c. Fair value measurement

The Company measures financial instruments, convertible debentures and hedge arrangements at fair value at each statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

3. ACCOUNTS RECEIVABLE AND PRE-NEED RECEIVABLES

	March 31, 2023	December 31, 2022
Accounts receivable	$ 15,211,455	$ 19,856,421
Pre-need receivables, current portion	25,993,823	28,192,812
Pre-need receivables, net of current portion	73,762,254	71,106,794

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

	March 31, 2023	December 31, 2022
Beginning of the period/year	$ 5,961,068	$ 3,458,600
Additions to allowances	1,487,043	2,823,751
Cancellations	(191,921)	(300,414)
Foreign currency translation	825	(20,869)
End of the period/year	$ 7,257,015	$ 5,961,068

Allowance for doubtful accounts is included in accounts receivable.

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

	March 31, 2023	December 31, 2022
Beginning of the period/year	$ 9,202,423	$ 8,666,042
Additions to allowances	846,674	3,848,169
Cancellations	(263,854)	(3,311,788)
End of the period/year	$ 9,785,243	$ 9,202,423

Allowance for sales returns is included in pre-need receivables.

4. INVENTORIES

	March 31, 2023	December 31, 2022
Merchandise inventories	$ 5,030,410	$ 4,772,801
Cemetery lots	47,229,063	40,408,284
Crypts and niches	21,871,219	30,298,259
Construction in progress	6,416,919	4,934,185
Total	$ 80,547,611	$ 80,413,529
Current portion	11,817,481	11,013,722
Non-current portion	$ 68,730,130	$ 69,399,807

There were no inventory write-downs in either period.

5. BUSINESS COMBINATIONS

Acquisitions completed in fiscal 2023

	Preliminary Q1 Acquisitions
Assets acquired:	
Inventories	$ 195,273
Property and equipment	5,385,497
Pre-need merchandise and service trust fund investments	1,429,346
Goodwill	7,629,774
Intangibles	1,616,000
Total assets	$ 16,255,890
Liabilities assumed:	
Deferred pre-need receipts held in trust	$ 1,429,346
	1,429,346
Fair value of consideration transferred:	
Cash consideration	14,250,000
Deferred cash consideration	576,544
	14,826,544
Total liabilities and considerations	$ 16,255,890

On March 13, 2023, the Company acquired substantially all the assets of Meyer Brothers Funeral Homes ("Meyer"), a business consisting of five stand-alone funeral homes located in Sioux City, Iowa, South Sioux City, Nebraska and Ponca, Nebraska.

5. BUSINESS COMBINATIONS – continued

Acquisitions completed in fiscal 2022

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 Farris, Ertel, Muehlebach, and Jacoby (as defined 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, 2022.

	December 31, 2022 *As previously stated*	*Adjustments*	December 31, 2022 *As restated*
Property and equipment	270,446,079	450,831	270,896,910
Goodwill and intangibles	461,704,757	(1,917,922)	459,786,835
Prepaid expenses and other assets	5,050,925	5,802	5,056,727
Deferred revenue	(169,338,437)	1,461,289	(167,877,148)
Total	$ 567,863,324	$ -	$ 567,863,324

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, 2022:

	Final Q2 Acquisitions	Preliminary Q2 Acquisitions	Preliminary Q3 Acquisitions Farris	Preliminary Q3 Acquisitions Shackelford	Preliminary Q4 Acquisitions	Total
Assets acquired:						
Accounts receivable	$ 12,189	$ -	$ -	$ 9,932	$ -	$ 22,121
Inventories	233,137	13,680	935,421	562,705	289,189	2,034,132
Land held for development	200,000	-	90,000	9,812	633,200	933,012
Property and equipment	3,859,913	1,635,369	4,204,772	15,585,841	14,809,574	40,095,469
Care and maintenance trust fund investments	168,436	-	1,337,927	784,454	1,690,951	3,981,768
Pre-need merchandise and service trust fund investments	56,014	87,088	2,639,185	1,451,038	7,970,099	12,203,424
Goodwill	4,893,343	3,499,452	3,567,109	9,372,811	21,488,662	42,821,377
Intangibles	825,000	673,000	1,127,000	3,249,918	4,350,348	10,225,266
Total assets	$ 10,248,032	$ 5,908,589	$ 13,901,414	$ 31,026,511	$ 51,232,023	$ 112,316,569
Liabilities assumed:						
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ 9,932	$ -	$ 9,932
Lease liabilities	-	20,306	-	81,447	246,294	348,047
Deferred revenue	11,208	-	1,231,472	517,377	69,995	1,830,052
Care and maintenance trusts' corpus	168,436	-	1,337,927	784,454	1,690,951	3,981,768
Deferred pre-need receipts held in trust	56,014	87,089	2,639,185	1,451,039	7,970,099	12,203,426
	235,658	107,395	5,208,584	2,844,249	9,977,339	18,373,225
Fair value of consideration transferred:						
Cash consideration	9,800,000	5,000,000	8,250,000	27,305,000	27,912,688	78,267,688
Deferred cash consideration	212,374	801,194	442,830	877,262	13,341,996	15,675,656
	10,012,374	5,801,194	8,692,830	28,182,262	41,254,684	93,943,344
Total liabilities and considerations	$ 10,248,032	$ 5,908,589	$ 13,901,414	$ 31,026,511	$ 51,232,023	$ 112,316,569

5. BUSINESS COMBINATIONS – continued

Acquisitions completed in fiscal 2022 - continued

(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. Purchase price for Chancellor was $10,012,374.

(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. Purchase price for Hudson was $5,801,194.

(iii) On August 8, 2022, the Company acquired 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 for a purchase price of $8,692,830.

(iv) On September 12, 2022, the Company acquired 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 for a purchase price of $28,182,262.

(v) On October 5, 2022, the Company acquired substantially all the assets of Ertel Funeral Home & Crematory ("Ertel"), a stand-alone funeral home located in Cortez, Colorado.

(vi) On November 2, 2022, the Company acquired substantially all the assets of Brown's Cremation & Funeral Service ("Brown's"), a stand-alone funeral home located in Grand Junction, Colorado.

(vii) On November 7, 2022, the Company acquired substantially all the assets of Taylor Funeral Home ("Taylor") consisting of three stand-alone funeral homes and one on-site funeral home and cemetery combination located in Delta, Cedaredge, Hotchkiss and Paonia, Colorado.

(viii) On November 14, 2022, the Company acquired substantially all the assets of Muehlebach Funeral Care, Skradski-Pierce Funeral Home and Assurance Cremation Society (collectively "Muehlebach"), a business consisting of three stand-alone funeral homes located in Kansas City, Missouri.

(ix) On November 28, 2022, the Company acquired substantially all the assets of Park Lawn Funeral Home and Memorial Park Cemetery & Green Lawn Cemetery, Park Lawn Northland Chapel and Glenridge Cemetery in Kansas City and Liberty, Missouri (collectively "Park Lawn Missouri"), a business consisting of one on-site, one stand-alone funeral home and one stand-alone cemetery located in Kansas City, Missouri.

(x) On December 12, 2022, the Company acquired substantially all the assets of Schrader, Aragon & Jacoby Funeral Home, Mountain View Memorial Park and Bustard & Jacoby Funerals, Cremation, Monuments and Receptions (collectively "Jacoby") consisting of two stand-alone funeral homes and one stand-alone cemetery located in Cheyenne and Casper, Wyoming.

The collective purchase price for Ertel, Brown's, Taylor, Muehlebach, Park Lawn Missouri and Jacoby was $41,254,684.

5. BUSINESS COMBINATIONS – continued

Acquisitions completed in fiscal 2022 - continued

The fair value allocations for the above mentioned acquisitions are based on preliminary purchase allocations conducted by management. As the acquisitions are within the measurement period under IFRS 3 they are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The Company is gathering information to finalize the fair value of inventories, land held for development, property and equipment, goodwill and intangibles and deferred revenue.

The purchase price allocation for the Chancellor acquisition was finalized in the first quarter of 2023.

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. External acquisition costs were $922,247 and $883,539 and internal acquisition costs were $871,035 and $230,300 for the three month period ended March 31, 2023, and 2022, respectively.

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

6. LAND HELD FOR DEVELOPMENT

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

	January 1, 2023	Acquired in business combinations	Additions	Transferred to inventory	Disposals	Foreign currency translation	March 31, 2023
Cost:							
Land held for development	26,881,392	-	187,444	-	-	6,851	27,075,687
Total	$ 26,881,392						$ 27,075,687

	January 1, 2022	Acquired in business combinations	Additions	Transferred to inventory	Disposals	Foreign currency translation	December 31, 2022
Cost:							
Land held for development	26,247,318	933,012	126,383	(221,627)	-	(203,694)	26,881,392
Total	$ 26,247,318						$ 26,881,392

7. PROPERTY AND EQUIPMENT

	January 1, 2023	Acquired in business combinations	Additions	Transfers	Disposals	Foreign currency translation	March 31, 2023
Cost:							
Land	$ 64,424,110	1,052,000	-	-	-	6,621	$ 65,482,731
Buildings, cemetery and funeral property	193,500,316	3,868,000	1,888,120	-	(29,224)	51,904	199,279,116
Machinery, equipment and automotive	36,254,270	465,497	1,279,238	-	(270,413)	9,596	37,738,188
Cemetery improvements	10,303,167	-	63,851	-	(189,585)	6,615	10,184,048
Right-of-use asset	8,460,856	-	74,635	-	-	10,423	8,545,914
Total	312,942,719	5,385,497	3,305,844	-	(489,222)	85,159	321,229,997
Accumulated depreciation:							
Buildings, cemetery and funeral property	19,190,184	-	1,486,953	-	-	7,087	20,684,224
Machinery, equipment and automotive	15,601,699	-	1,189,335	-	(29,334)	5,269	16,766,969
Cemetery improvements	4,241,378	-	383,187	-	-	2,585	4,627,150
Right-of-use asset	3,012,548	-	390,318	-	36,247	2,527	3,441,640
Total	42,045,809	-	3,449,793	-	6,913	17,468	45,519,983
Net book value	$ 270,896,910						$ 275,710,014

	January 1, 2022	Acquired in business combinations	Additions	Transfers	Disposals	Foreign currency translation	December 31, 2022 (Restated, Measurement Period Adjustment - See Note 5)
Cost:							
Land	$ 56,891,055	4,283,835	357,120	3,372,505	(271,560)	(208,845)	$ 64,424,110
Buildings, cemetery and funeral property	149,959,754	31,288,134	13,344,944	1,192,282	(685,735)	(1,599,063)	193,500,316
Machinery, equipment and automotive	29,040,173	4,173,252	4,017,934	-	(710,801)	(266,288)	36,254,270
Cemetery improvements	14,598,994	-	692,120	(4,564,787)	(214,839)	(208,321)	10,303,167
Right-of-use asset	8,296,058	350,243	3,597,438		(3,455,613)	(327,270)	8,460,856
Total	258,786,034	40,095,464	22,009,556	-	(5,338,548)	(2,609,787)	312,942,719
Accumulated depreciation:							
Buildings, cemetery and funeral property	14,849,055	-	5,025,953	-	(469,096)	(215,728)	19,190,184
Machinery, equipment and automotive	11,328,757	-	4,376,967	-	43,647	(147,672)	15,601,699
Cemetery improvements	3,622,149	-	728,288	-	(41,802)	(67,257)	4,241,378
Right-of-use asset	3,614,563	-	1,742,398	-	(2,247,031)	(97,382)	3,012,548
Total	33,414,524	-	11,873,606	-	(2,714,282)	(528,039)	42,045,809
Net book value	$ 225,371,510						$ 270,896,910

Property and equipment depreciation expense amounted to $3,449,793 and $2,842,568 for the three month period ended March 31, 2023, and 2022, respectively. Included in property and equipment is depreciation expense related to corporate expenses of $143,294 and $51,077 for the three month period ended March 31, 2023, and 2022, respectively. Depreciation expense is included in general and administrative expenses and corporate general and administrative expenses on the consolidated statements of earnings.

7. PROPERTY AND EQUIPMENT – continued

Included in additions at March 31, 2023, are $266,556 of additions at Canadian cemeteries and funeral sites (at December 31, 2022 - $5,493,530) and $3,039,288 of additions at U.S. cemeteries and funeral sites (at December 31, 2022 - $16,516,026).

The amount of interest capitalized to development costs on property was $45,222 and $191,583 for the three month period ended March 31, 2023, and 2022, respectively, and the capitalization rate used to determine the amount of borrowing costs eligible for capitalization was 5.4% and 1.0% for the three month period ended March 31, 2023, and 2022, respectively.

During the three month period ended March 31, 2023, the Company disposed of land and miscellaneous equipment for a sale price of $496,965 realizing a net gain of $37,077.

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

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

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

8. CARE AND MAINTENANCE TRUST FUND INVESTMENTS

Investment income recognized in operations amounted to $2,698,845 and $2,341,482 for the three month period ended March 31, 2023, and 2022, respectively.

The Company contributed $2,312,931 and $2,313,358 to the care and maintenance trust funds for the three month period ended March 31, 2023, and 2022, respectively.

Care and maintenance trust fund investments consist of the following:

	Fair Value and Amortized Cost		Cost	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Cash and cash equivalents	$ 8,417,235	$ 7,865,262	$ 8,417,235	$ 7,865,262
Fixed Income				
Canadian				
Corporate	4,306,599	4,236,363	4,867,777	4,805,071
Government	145,267	143,646	129,235	128,955
US				
Corporate	151,784	718,745	191,555	829,476
Government	438,031	929,496	484,960	1,061,705
Equities				
Canadian	49,873,622	49,517,250	43,463,402	42,925,182
US	68,804	62,946	18,731	18,731
Canadian Preferred	2,034,639	2,575,322	2,119,464	2,553,175
US Preferred	-	82,424	-	102,624
Mutual Funds/ETFs				
Equity	36,660,127	36,323,989	37,661,744	38,574,050
Fixed Income	49,247,758	51,938,733	56,253,270	60,932,657
Preferred	24,204,073	23,392,118	30,484,971	30,764,692
Alternative	38,280,850	31,673,308	38,232,302	31,015,692
	$ 213,828,789	$ 209,459,602	$ 222,324,646	$ 221,577,272

9. PRE-NEED MERCHANDISE AND SERVICE TRUST FUND INVESTMENTS

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

	Fair Value and Amortized Cost		Cost	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Cash and cash equivalents	$ 32,661,647	$ 34,221,250	$ 32,679,895	$ 34,239,751
GIC's	24,569,064	24,540,120	24,569,064	24,540,120
Fixed Income				
Canadian				
Corporate	-	-	-	-
Government	-	-	-	-
US				
Corporate	4,696,654	5,767,732	4,720,822	5,894,672
Government	912,442	1,268,055	1,010,835	1,477,244
Equities				
Canadian	196,712	194,708	142,821	142,512
US	855,371	1,707,553	422,014	1,529,347
Canadian Preferred	5,203	5,177	6,309	6,295
US Preferred	-	308,328	-	392,128
Mutual Funds/ETFs				
Equity	82,383,345	80,465,512	97,698,543	101,710,959
Fixed Income	39,393,542	38,596,985	44,588,808	44,288,872
Preferred	-	-	-	-
Alternative	60,622,538	52,217,405	53,608,225	47,639,746
	$ 246,296,518	$ 239,292,825	$ 259,447,336	$ 261,861,646

10. PREARRANGED FUNERAL INSURANCE CONTRACTS

In addition to trust funded pre-arranged funeral service contracts, the Company also has pre-arranged funeral service contracts which are funded by insurance. As of March 31, 2023, the current face amount of pre-funded policies was $556,737,650 (as at December 31, 2022 – $532,083,602). 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.

11. GOODWILL AND INTANGIBLES

The changes in the carrying amount of goodwill and intangible assets as at March 31, 2023, were:

	January 1, 2023	Acquired in business combinations	Additions	Disposals	Foreign currency translation	March 31, 2023
Cost:						
Goodwill	$ 415,410,397	7,629,774	-	-	29,690	423,069,861
Non-compete agreements	15,215,353	693,000	-	-	992	15,909,345
Brand	32,586,366	923,000	-	-	-	33,509,366
Computer software	2,798,659	-	204,598	-	-	3,003,257
Total	466,010,775	9,245,774	204,598	-	30,682	475,491,829
Accumulated amortization:						
Non-compete agreements	6,090,365	-	290,927	-	494	6,381,786
Computer software	133,575	-	33,394	-	-	166,969
Total	6,223,940	-	324,321	-	494	6,548,755
Net book value	$ 459,786,835					$ 468,943,074

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

	January 1, 2022	Acquired in business combinations	Additions	Disposals	Foreign currency translation	December 31, 2022 *(Restated, Measurement Period Adjustment - See Note 5)*
Cost:						
Goodwill	$ 373,510,819	42,821,377	-	-	(921,799)	415,410,397
Non-compete agreements	12,907,091	2,779,400	73,360	(503,000)	(41,498)	15,215,353
Brand	25,140,500	7,445,866	-	-	-	32,586,366
Computer software	2,006,281	-	792,378	-	-	2,798,659
Total	413,564,691	53,046,643	865,738	(503,000)	(963,297)	466,010,775
Accumulated amortization:						
Non-compete agreements	5,556,101	-	1,051,066	(503,000)	(13,802)	6,090,365
Computer software	-	-	133,575	-	-	133,575
Total	5,556,101	-	1,184,641	(503,000)	(13,802)	6,223,940
Net book value	$ 408,008,590					$ 459,786,835

Amortization expense amounted to $324,321 and $382,543 for the three month period ended March 31, 2023, and 2022, respectively.

12. LONG-TERM DEBT

	March 31, 2023	December 31, 2022
Credit facility	$ 171,823,490	$ 151,377,460
Other debt	77,208	91,540
Deferred financing costs	(1,381,319)	(1,302,733)
Total	170,519,379	150,166,267
Current portion	37,030	43,622
Non-current portion	$ 170,482,349	$ 150,122,645

Credit Facility

On February 21, 2023, the Company and one of its U.S. subsidiaries entered into a fourth amended and restated credit agreement as borrowers, with a syndicate of lenders led by National Bank of Canada (as amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time, the "Credit Facility"). The Credit Facility has an overall borrowing capacity of $240 million and a maturity date of August 31, 2027. Additionally, the Credit Facility includes a $60 million tranche for a term of one-year, maturing on February 21, 2024. Based on the borrowing currency, the Credit Facility bears variable interest at the banker's acceptance rate (where borrowing currency is CAD) or secured overnight financing rate (where borrowing currency is USD) plus an applicable margin based on a leverage ratio calculation.

All amounts borrowed may be repaid at any time and re-borrowed, subject to certain terms and conditions. PLC's obligations are guaranteed by each of the Company's wholly owned material subsidiaries. The Credit Facility also includes certain financial and non-financial covenants that PLC must comply with.

During the first quarter of 2023, the Company, through one of its subsidiaries, entered into an interest rate swap transactions with three of the Company's syndicate lenders under the Credit Facility, whereby, the parties agreed to exchange at specified intervals, fixed and variable interest amounts (see Note 23).

12. LONG-TERM DEBT – continued

Credit facility - continued

As at March 31, 2023, there was $171,823,490 outstanding under the Credit Facility (as at December 31, 2022 - $151,377,460). Deferred financing costs have been capitalized and are being amortized over the term of the Credit Facility. For the three month period ended March 31, 2023, and 2022, the amortization of deferred financing costs were $137,634 and $108,389, respectively. As at March 31, 2023, standby letters of credit issued utilizing $565,301 of the credit line (as at December 31, 2022 - $564,078).

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.

13. NOTES PAYABLE

	March 31, 2023	December 31, 2022
Notes payable	$ 13,538,557	$ 25,035,340
Current portion	2,541,167	14,213,582
Non-current portion	$ 10,997,390	$ 10,821,758

Notes payable

i) The Company has an outstanding note payable of $1,071,075 (as at December 31, 2022 - $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 $12,467,482 (as at December 31, 2022 - $23,964,265) to former owners of previously acquired businesses, primarily for the deferred consideration (see Note 5). Included in the notes payable at December 31, 2022, was deferred consideration of $11,499,341 which was paid in January 2023 for the Jacoby acquisition. These notes payable have imputed interest rates ranging from 2% to 6% and remaining terms of up to 10 years.

14. SENIOR UNSECURED DEBENTURES

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.

The balance of the Debentures as at March 31, 2023, consists of the following:

		March 2023
Balance at December 31, 2021	$	65,237,067
Accretion expense in 2022		611,953
Foreign currency translation		(4,198,435)
Balance at December 31, 2022	$	61,650,585
Accretion expense in 2023		151,487
Foreign currency translation		133,667
Balance at March 31, 2023	$	61,935,739

Interest expense on the Debentures amounted to $904,427 and $965,569 for the three month period ended March 31, 2023, and 2022, respectively. Accretion expense amounted to $151,486 and $150,983 for the three month period ended March 31, 2023, and 2022, respectively. The transactions costs are amortized over the life of the Debentures, as of March 31, 2023, the total unamortized portion of the transaction costs was $1,782,599.

15. DEFERRED REVENUE

Deferred revenue represents the amount of unperformed pre-arranged cemetery and funeral contracts.

The components of deferred revenue consist of the following:

		March 31, 2023		December 31, 2022 *(Restated, Measurement Period Adjustment - See Note 5)*
Cemetery and funeral merchandise, lots, crypts, and niches	$	100,859,442	$	99,302,155
Cemetery and funeral services		71,741,231		68,574,993
Total	$	172,600,673	$	167,877,148

16. DIVIDENDS

The Company makes quarterly dividend payments to its shareholders of record on the last business day of each quarter, with dividends expected to be paid in April, July, October, and January of each calendar year, subject to approval of the directors of the Company. The total amount of dividends declared by the Company were $2,883,471 and $3,056,644 for the three month period ended March 31, 2023, and 2022, respectively. The dividend rate is C$0.114 per Common Share per quarter.

17. SHARE CAPITAL

Authorized

Common shares

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

Shares issued and outstanding

	Number of Common Shares	Amount
Balance January 1, 2022	33,930,209	$ 509,011,563
Shares issued pursuant to:		
Dividend reinvestment plan (i)	105,387	2,348,834
Equity incentive plan (Note 20)	104,542	2,265,703
Acquisition of non-controlling interest (ii)	-	(270,556)
Shares purchased under normal course issuer bid and held in trust for future settlement of share based incentive compensation (iii)	(200,985)	(3,018,098)
Balance December 31, 2022, net of shares held in trust (iii)	33,939,153	$ 510,337,446
Shares issued pursuant to:		
Dividend reinvestment plan (i)	42,258	$ 837,574
Equity incentive plan (Note 20)	43,593	914,937
Balance March 31, 2023, net of shares held in trust (iii)	34,025,004	$ 512,089,957

(i) Dividend reinvestment plan

For the three month period ended March 31, 2023, 42,258 Common Shares were issued under the DRIP (for the year ended December 31, 2022 – 105,387).

17. SHARE CAPITAL – continued

(ii) 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 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.

(iii) Shares purchased under normal course issuer bid ("NCIB") and held in trust for future settlement of share-based incentive compensation

On August 11, 2022, the Company received approval from the TSX to implement an NCIB. Under the NCIB, the Company may, during the twelve-month period commencing August 17, 2022, and ending August 16, 2023, purchase up to a maximum of 3,385,439 Common Shares, representing 10% of its public float of issued and outstanding Common Shares as at August 8, 2022. All Common Shares purchased by the Company under the NCIB are cancelled or transferred to and held by a trust established by PLC (the "Trust") for the settlement of awards issued under the EIP. Purchases made by the Company are made on the open market through the facilities of the TSX and or alternative Canadian trading systems, in accordance with applicable TSX and other applicable trading system rules. The actual number of Common Shares purchased under the NCIB and the timing of any such purchases are at PLC's discretion. Daily purchases are limited to 17,507 Common Shares, other than block purchase exceptions.

Additionally, PLC entered into an automatic securities purchase plan ("ASPP") with its designated broker in connection with the NCIB to facilitate the purchase of Common Shares during times when PLC would ordinarily not be permitted to purchase Common Shares due to regulatory restrictions or self-imposed black-out periods. Before entering a black-out period, PLC may, but is not required to, instruct the broker to make purchases under the NCIB based on parameters set by PLC in accordance with the ASPP, TSX rules and applicable securities laws. Since its inception, PLC has not directed its broker to make any automatic purchases of Common Shares under the ASPP.

PLC established the Trust to hold Common Shares purchased under the NCIB for the purpose of settling awards (other than Options granted to Canadian Taxpayers) under the EIP. In conjunction with the EIP, the Company may make contributions to the Trust, which contributions will be used by the Trust to acquire Common Shares for the benefit of the participants under the EIP.

17. SHARE CAPITAL – continued

(iii) Shares purchased under normal course issuer bid ("NCIB") and held in trust for future settlement of share-based incentive compensation - continued

The Trust is considered SE and is consolidated in the Company's financial statements with the cost of the acquired shares recorded at book value as a reduction to share capital. Any premium on the acquisition of the Common Shares above book value is applied to retained earnings until the Common Shares are issued to settle RSU and PSU awards.

	March 31, 2023	December 31, 2022
Common shares repurchased under the NCIB and held in trust (number of shares)		
Outstanding, beginning of the period	200,985	-
Shares purchased	-	200,985
Shares used for EIP award redemptions	(26,926)	-
Outstanding, end of the period	174,059	200,985

There were no Common Shares purchased under the NCIB during the three month period ended March 31, 2023. For the year ended December 31, 2022, the Company repurchased 200,985 Common Shares for aggregate consideration of $3,752,891 (C$5,061,488).

	March 31, 2023	December 31, 2022
Common shares repurchased under the NCIB and held in trust (number of shares)	-	200,985
Cash consideration paid	$ -	$ 3,752,891
Premium charged to retained earnings	-	734,793
Reduction in common share capital	-	3,018,098

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Net earnings for the period	$ 4,576,146	$ 8,702,018
Basic weighted average number of common shares, net of shares held in trust	34,258,113	34,163,346
Dilutive effect of equity incentive plan (Note 20)	342,069	631,858
Diluted weighed average number of common shares, net of shares held in trust	34,600,182	34,795,204
Net earnings per share - basic	$ 0.134	$ 0.255
Net earnings per share - diluted	$ 0.132	$ 0.250

18. COST OF SALES

	Three Months Ended March 31, 2023	2022
Cost of sales - merchandise	$ 11,196,902	$ 9,755,307
Cost of sales - cemetery lots, crypts and niches (cost of property)	1,586,158	1,764,967
Cost of sales - services	1,519,998	1,407,570
Cost of sales - labour	786,447	750,473
Total cost of sales	$ 15,089,505	$ 13,678,317

19. FINANCE COSTS

	Three Months Ended March 31, 2023	2022
Finance costs:		
Interest on credit facility (Note 12)	$ 2,158,973	$ 300,696
Interest on Senior Unsecured Debentures (Note 14)	904,427	965,569
Interest on mortgages, other debt and notes payable (Note 12 and 13)	86,074	138,155
Interest on lease liabilities	157,365	83,505
Amortization of deferred financing costs (Note 12)	137,634	108,389
Accretion expense on senior unsecured debentures (Note 14)	151,486	150,983
Interest capitalized to construction (Note 7)	(45,222)	(191,583)
Unrealized foreign exchange on finance costs	58,075	3,724
Total	$ 3,608,812	$ 1,559,438

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

20. EQUITY INCENTIVE PLAN

Deferred Share Units ("DSUs")

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

	March 31, 2023	December 31, 2022
Outstanding, beginning of the period	46,777	47,748
Awarded	4,644	14,825
Redemptions	-	(16,476)
Dividend equivalents	199	680
Outstanding, end of the period	51,620	46,777

Restricted Share Units ("RSUs")

Pursuant to the EIP, the following RSUs were granted by the Company and are outstanding. Each dividend equivalent represents one Common Share. 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. As at March 31, 2023, 177,040 of the awarded and outstanding RSUs have vested. The weighted average issuance price for the three month period ended March 31, 2023, was $20.99 or C$28.37.

	March 31, 2023	December 31, 2022
Outstanding, beginning of the period	271,524	250,738
Awarded	88,456	69,527
Redemptions	(26,926)	(51,119)
Cancellations/Forfeited	(7,138)	(918)
Dividend equivalents	1,152	3,296
Outstanding, end of the period	327,068	271,524

20. EQUITY INCENTIVE PLAN – continued

Performance Share Units ("PSUs")

Pursuant to the EIP, the following PSUs were granted by the Company and are outstanding. Each dividend equivalent represents one Common Share. As at March 31, 2023, 57,686 of the awarded and outstanding PSUs have vested.

	March 31, 2023	December 31, 2022
Outstanding, beginning of the period	192,400	112,226
Awarded	-	115,983
Redemptions	-	(36,929)
Cancellations/Forfeited	(45,514)	-
Dividend equivalents	817	1,120
Outstanding, end of the period	147,703	192,400

Stock Options and Performance Options ("Options")

Grant Date	Expiry Date	Exercise Price	31-Mar-23	Vested	Unvested
May 30, 2019	June 30, 2023	$ 18.84	680,000	680,000	-
July 15, 2019	June 30, 2023	$ 21.76	320,000	320,000	-
May 21, 2020	May 21, 2025	$ 15.06	356,667	-	356,667
October 5, 2020	October 30, 2024	$ 20.88	80,000	-	80,000
			1,436,667	1,000,000	436,667
	Weighted Average Exercise Price		$ 18.60	$ 19.77	$ 18.60

The compensation expenses in respect of EIP awards amounted to $1,101,088 and $1,465,178 for the three month period ended March 31, 2023, and 2022, respectively. Included in the compensation expenses are $8,058 and $5,897 for the three month period ended March 31, 2023, and 2022, respectively, of legal and administrative fees related to the issuance of EIP awards. The counterpart has been reflected in contributed surplus. Management plans to settle all DSUs, RSUs, PSUs and Options by issuing Common Shares. When the DSUs, RSUs, PSUs and Options are settled for Common Shares, the amounts previously credited to contributed surplus are transferred to share capital.

21. OTHER INCOME (EXPENSES)

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Legal and other costs	$ (56,534)	$ (123,486)
Gain (Loss) on disposal of property and equipment (Note 7)	37,077	(19,032)
Impairment on other assets	-	(153,972)
	$ (19,457)	$ (296,490)

Legal and other costs were $56,534 and $123,468 for the three month period ended March 31, 2023, and 2022, 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.

22. RELATED PARTY TRANSACTIONS AND BALANCES

Key management compensation

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

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Key management compensation	$ 1,349,653	$ 1,958,173
Directors' fees	132,213	144,046
Total	$ 1,481,866	$ 2,102,219

Directors' fees and key management compensation included in share-based incentive were $684,914 and $925,899 for the three month period ended March 31, 2023, and 2022, respectively. Key management compensation included in acquisition and integration costs were $181,923 and $174,231 for the three month period ended March 31, 2023, and 2022, respectively. As at March 31, 2023, included in accounts payable and accrued liabilities are directors' fees and key management compensation of $387,993 (as at December 31, 2022 - $1,038,245).

22. RELATED PARTY TRANSACTIONS AND BALANCES – continued

Key management compensation - continued

The Company entered into an agreement for the purchase of four industrial units of property in Mississauga, Ontario, Canada (the "Haines Properties"). A purchase and sale agreement for the Haines Properties was entered into by a limited partnership formed by a subsidiary of the Company as general partner, and a trustee on behalf of certain of the Company's care and maintenance trust funds, as limited partners (the "Haines LP") for an aggregate purchase price of C$3,331,885. The Haines Properties are currently leased by one of the Company's funeral homes from an arm's length third party. On closing of the transaction, which is expected to occur during the second quarter of 2023, the Haines Properties will be leased by Haines LP to the funeral home on substantially the same terms as the existing lease, with necessary increases to rent to align with market terms.

23. 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 March 31, 2023, the senior unsecured debentures (see Note 14) are valued under Level 2 and have a fair value of $63,656,834.

As at March 31, 2023, 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.

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT – continued

Fair value of financial instruments - continued

The trust assets are valued as follows:

Care and maintenance trust fund investments at March 31, 2023

	Cost	Level 1 Quoted market price	Level 2 Valuation technique - observable market inputs	Level 3 Valuation technique - non-observable market inputs	Amortized cost	Total fair value
Cash and cash equivalents	$ 8,417,235	$ -	$ -	$ -	$ 8,417,235	$ 8,417,235
Fixed Income						
Canadian						
Corporate	4,867,777	554,806	-	-	3,751,793	4,306,599
Government	129,235	145,267	-	-	-	145,267
US						
Corporate	191,555	151,784	-	-	-	151,784
Government	484,960	438,031	-	-	-	438,031
Equities						
Canadian	43,463,402	49,873,622	-	-	-	49,873,622
US	18,731	68,804	-	-	-	68,804
Canadian Preferred	2,119,464	2,034,639	-	-	-	2,034,639
US Preferred	-	-	-	-	-	-
Mutual Funds/ETFs						
Equity	37,661,744	36,660,127	-	-	-	36,660,127
Fixed Income	56,253,270	49,247,758	-	-	-	49,247,758
Preferred	30,484,971	24,204,073	-	-	-	24,204,073
Alternative	38,232,302	-	-	38,280,850	-	38,280,850
	$ 222,324,646	$ 163,378,911	$ -	$ 38,280,850	$ 12,169,028	$ 213,828,789

Care and maintenance trust fund investments at December 31, 2022

	Cost	Level 1 Quoted market price	Level 2 Valuation technique - observable market inputs	Level 3 Valuation technique - non-observable market inputs	Amortized cost	Total fair value
Cash and cash equivalents	$ 7,865,262	$ -	$ -	$ -	$ 7,865,262	$ 7,865,262
Fixed Income						
Canadian						
Corporate	4,805,071	544,863	-	-	3,691,500	4,236,363
Government	128,955	143,646	-	-	-	143,646
US						
Corporate	829,476	666,452	-	-	52,293	718,745
Government	1,061,705	929,496	-	-	-	929,496
Equities						
Canadian	42,925,182	49,517,250	-	-	-	49,517,250
US	18,731	62,946	-	-	-	62,946
Canadian Preferred	2,553,175	2,575,322	-	-	-	2,575,322
US Preferred	102,624	82,424	-	-	-	82,424
Mutual Funds/ETFs						
Equity	38,574,050	36,323,989	-	-	-	36,323,989
Fixed Income	60,932,657	51,938,733	-	-	-	51,938,733
Preferred	30,764,692	23,392,118	-	-	-	23,392,118
Alternative	31,015,692	-	-	31,673,308	-	31,673,308
	$ 221,577,272	$ 166,177,239	$ -	$ 31,673,308	$ 11,609,055	$ 209,459,602

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT – continued

Fair value of financial instruments - continued

	January 1, 2023	Investment purchases	Investment dispositions	Capital distributions	Foreign exchange	Change in fair value	March 31, 2023
Alternative	31,673,308	7,623,213	-	(14,701)	14,903	(1,015,873)	38,280,850
Total	$ 31,673,308						$ 38,280,850

	January 1, 2022	Investment purchases	Investment dispositions	Capital distributions	Foreign exchange	Change in fair value	December 31, 2022
Alternative	24,023,844	17,883,681	(9,228,133)	-	(466,755)	(539,329)	31,673,308
Total	$ 24,023,844						$ 31,673,308

The Company's trust funds have investments in alternative investments, they relate to direct limited partnerships in real estate properties, private funds with interests in, private market real estate, infrastructure, and private debt. Some of these investments are more liquid than others. The trust funds cannot redeem interests of indirect limited partnerships unless the underlying asset is sold. The general partners of such direct limited partnerships have not communicated the timing of any immediate liquidations.

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT – continued

Fair value of financial instruments – continued

Pre-need merchandise and service trust fund investments at March 31, 2023

	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	$ 32,679,895	$ -	$ -	$ -	$ 32,661,647	$ 32,661,647
GIC's	24,569,064	-	24,569,064	-	-	24,569,064
Fixed Income						
Canadian						
Corporate	-	-	-	-	-	-
Government	-	-	-	-	-	-
US						
Corporate	4,720,822	4,696,654	-	-	-	4,696,654
Government	1,010,835	912,442	-	-	-	912,442
Equities						
Canadian	142,821	196,712	-	-	-	196,712
US	422,014	855,371	-	-	-	855,371
Canadian Preferred	6,309	5,203	-	-	-	5,203
US Preferred	-	-	-	-	-	-
Mutual Funds/ETFs						
Equity	97,698,543	82,383,345	-	-	-	82,383,345
Fixed Income	44,588,808	39,393,542	-	-	-	39,393,542
Preferred	-	-	-	-	-	-
Alternative	53,608,225	-	-	60,622,538	-	60,622,538
	$ 259,447,336	$ 128,443,269	$ 24,569,064	$ 60,622,538	$ 32,661,647	$ 246,296,518

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

	Cost	Level 1 Quoted market price	Level 2 Valuation technique - observable market inputs	Level 3 Valuation technique - non-observable market inputs	Amortized cost	Total fair value
Cash and cash equivalents	$ 34,239,751	$ -	$ -	$ -	$ 34,221,250	$ 34,221,250
GIC's	24,540,120	-	24,540,120	-	-	24,540,120
Fixed Income						
Canadian						
Corporate	-	-	-	-	-	-
Government	-	-	-	-	-	-
US						
Corporate	5,894,672	5,767,732	-	-	-	5,767,732
Government	1,477,244	1,268,055	-	-	-	1,268,055
Equities						
Canadian	142,512	194,708	-	-	-	194,708
US	1,529,347	1,707,553	-	-	-	1,707,553
Canadian Preferred	6,295	5,177	-	-	-	5,177
US Preferred	392,128	308,328	-	-	-	308,328
Mutual Funds/ETFs						
Equity	101,710,959	80,465,512	-	-	-	80,465,512
Fixed Income	44,288,872	38,596,985	-	-	-	38,596,985
Preferred	-	-	-	-	-	-
Alternative	47,639,746	-	-	52,217,405	-	52,217,405
	$ 261,861,646	$ 128,314,050	$ 24,540,120	$ 52,217,405	$ 34,221,250	$ 239,292,825

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT – continued

Fair value of financial instruments – continued

	January 1, 2023	Investment purchases	Investment dispositions	Capital Distributions	Foreign exchange	Change in fair value	March 31, 2023
Alternative	52,217,405	7,913,743	-	(97,840)	-	589,230	60,622,538
Total	$ 52,217,405						$ 60,622,538

	January 1, 2022	Investment purchases	Investment dispositions	Capital Distributions	Foreign exchange	Change in fair value	December 31, 2022
Alternative	30,921,261	25,468,428	-	(206,294)	-	(3,965,990)	52,217,405
Total	$ 30,921,261						$ 52,217,405

The Company's trust funds have investments in alternative investments, they relate to direct limited partnerships in real estate properties, private funds with interests in, private market real estate, infrastructure, and private debt. Some of these investments are more liquid than others. The trust funds cannot redeem interests in direct limited partnerships unless the underlying asset is sold. The general partners of such direct limited partnerships have not communicated the timing of any immediate liquidations.

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT – continued

Fair value of financial instruments – continued

(i) Risk management

Management manages a portion of its variable-rate Credit Facility using interest rate swaps that alter its exposure to the impact of changing interest rates. The interest rate swaps are not designated as hedging instruments and as a result, the changes in fair value are recognized in earnings in the consolidated statement of net income and comprehensive income.

As of March 31, 2023, a 100 basis-point change in interest rates, assuming all other variables are constant, would result in a $1,718,235 change in the Company's finance costs over the next 12 months excluding the impact of the $100 million interest rate swaps.

(ii) Interest rate swaps

The interest rate swaps are not designated as a hedge for accounting purposes. These swaps are used to manage interest rate exposure over the period of the interest rate swaps. The differential to be paid or received on all swap agreements is accrued as interest rates change and is recognized in finance costs over the life of the respective agreements. The interest rate swaps contain no credit risk-related contingent features.

On February 23, 2023, the Company, through one of its subsidiaries, entered into an interest rate swap transaction with one of the Company's syndicate lenders of the Credit Facility whereby, the parties have agreed to exchange at specified intervals, fixed and variable interest amounts calculated by reference to a notional amount of $50 million. The transaction, effective February 27, 2023, matures on February 27, 2026, and has a variable to fixed interest rate swap arrangement of 4.372%.

On March 9, 2023, the Company, through one of its subsidiaries, entered into an interest rate swap transaction with the Company's syndicate lender of credit facility whereby, the parties have agreed to exchange at specified intervals, fixed and variable interest amounts calculated by reference to a notional amount of $25 million. The transaction, effective March 3, 2023, matures on March 3, 2026, and has a variable to fixed interest rate swap arrangement of 4.520%.

On March 13, 2023, the Company, through one of its subsidiaries, entered into an interest rate swap transaction with the Company's syndicate lender of credit facility whereby, the parties have agreed to exchange at specified intervals, fixed and variable interest amounts calculated by reference to a notional amount of $25 million. The transaction, effective April 3, 2023, matures on April 3, 2025, and has a variable to fixed interest rate swap arrangement of 3.900%.

The fair value adjustment on the interest rate swaps as of March 31, 2023, was $1,600,790 ($nil as of March 31, 2022).

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT – continued

Fair value of financial instruments - continued

(ii) Interest rate swaps - continued

The following table is a summary of the interest rate swap agreements and their respective carrying values as of March 31, 2023:

	Maturity date	Fixed rate	Notional amount	Carrying value and fair value
Interest rate swap agreements, as of March 31, 2023				
Interest rate swap agreement	2/27/2026	4.372%	50,000,000	(933,104)
Interest rate swap agreement	3/3/2026	4.520%	25,000,000	(575,951)
Interest rate swap agreement	4/3/2025	3.900%	25,000,000	(91,735)
			$ 100,000,000	$ (1,600,790)

The valuation of these instruments was determined using discounted cash flow analyses based on the contractual terms of the derivatives, including the period to maturity of each instrument, and uses observable market-based inputs, including interest rate curves and implied volatilities. The fair values determined are based on significant other observable inputs (Level 2). Changes in fair value are recognized as net change in fair value of interest rate swaps in the accompanying consolidated statement of net income and comprehensive income.

The following table summarizes the beginning and ending fair value and the unrealized gain (loss) for the interest rate swaps for the period presented:

	March 31, 2023	December 31, 2022
Interest rate swaps, beginning of period	-	-
Fair value adjustment on interest rate swaps	(1,600,790)	-
Interest rate swaps, end of period	$ (1,600,790)	$ -

24. 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.

24. COMMITMENTS AND CONTINGENCIES – continued

Commitments

The Company has 12 ongoing commitments with the remaining balance of $56,307,977 for the construction of funeral homes and mausoleums, cemetery developments in the United States and a long-term commitment with one of its principal suppliers. To date, the Company spent $2,909,397 on these commitments.

Included in the commitments is an agreement for the purchase of the Haines Properties (see Note 22).

To remain competitive with low-end providers, effective February 1, 2023, PLC entered a five-year commitment with one of its principal suppliers to purchase at least $50,000,000 of burial and cremation products and merchandise, enabling it to attract price conscious consumers focused on comparing prices, and product and service offerings.

25. SEGMENTED INFORMATION

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

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

Geographic information

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

	March 31, 2023	December 31, 2022
Canada	$ 172,081,818	$ 171,249,043
United States	1,331,922,331	1,306,297,133
Total	$ 1,504,004,149	$ 1,477,546,176

25. SEGMENTED INFORMATION – continued

Geographic information - continued

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

	March 31, 2023	December 31, 2022
Canada	$ 173,055,077	$ 172,678,576
United States	775,407,385	753,271,610
Total	$ 948,462,462	$ 925,950,186

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:

	Three Months Ended March 31, 2023	2022
Revenue:		
Sales:		
Canada	$ 7,210,275	$ 7,136,057
United States	75,760,971	72,713,519
Total sales	82,971,246	79,849,576
Income from care and maintenance funds:		
Canada	991,482	912,159
United States	1,707,363	1,429,323
Total income from care and maintenance funds	2,698,845	2,341,482
Interest and other income:		
Canada	93,445	81,160
United States	971,968	901,079
Total interest and other income	1,065,413	982,239
Total revenue:		
Canada	8,295,202	8,129,376
United States	78,440,302	75,043,921
Total revenue	$ 86,735,504	$ 83,173,297
Total net earnings/loss:		
Canada(1)	(2,237,218)	(1,412,444)
United States	6,813,364	10,114,462
Total net earnings/loss	$ 4,576,146	$ 8,702,018

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

25. SEGMENTED INFORMATION – continued

Operating segments

	Three Months Ended March 31, 2023			
	Cemetery	**Funeral Home**	**Corporate**	**Total**
Revenue				
Sales	$ 32,719,406	$ 50,251,840	$ -	$ 82,971,246
Income from care and maintenance funds	2,698,845	-	-	2,698,845
Interest and other income	854,700	139,875	70,838	1,065,413
Total revenue	36,272,951	50,391,715	70,838	86,735,504
Operating expenses				
Cost of sales	7,783,832	7,305,673	-	15,089,505
General and administrative	10,308,988	24,670,837	-	34,979,825
Maintenance	3,794,415	2,283,499	-	6,077,914
Advertising and selling	4,476,162	3,008,076	-	7,484,238
Total operating expenses	26,363,397	37,268,085	-	63,631,482
Gross profit	9,909,554	13,123,630	70,838	23,104,022
Other expenses				
Corporate general and administrative	-	-	7,598,583	7,598,583
Amortization of intangibles	19,169	271,758	33,394	324,321
Finance costs	11,791	201,081	3,395,940	3,608,812
Fair value adjustment on interest rate swaps	-	-	1,600,790	1,600,790
Share-based incentive compensation	-	-	1,101,088	1,101,088
Acquisition and integration costs	-	-	1,793,282	1,793,282
Other (income) expenses	(40,735)	3,658	56,534	19,457
Total other expenses	(9,775)	476,497	15,579,611	16,046,333
Earnings before income taxes	9,919,329	12,647,133	(15,508,773)	7,057,689
Income tax expense	2,531,164	3,414,726	(3,464,347)	2,481,543
Net earnings for the period	$ 7,388,165	$ 9,232,407	$ (12,044,426)	$ 4,576,146

25. SEGMENTED INFORMATION – continued

Operating segments - continued

	Three Months Ended March 31, 2022			
	Cemetery	**Funeral Home**	**Corporate**	**Total**
Revenue				
Sales	$ 32,952,458	$ 46,897,118	$ -	$ 79,849,576
Income from care and maintenance funds	2,341,482	-	-	2,341,482
Interest and other income	722,810	182,513	76,916	982,239
Total revenue	36,016,750	47,079,631	76,916	83,173,297
Operating expenses				
Cost of sales	6,744,689	6,933,628	-	13,678,317
General and administrative	11,675,024	21,118,285	-	32,793,309
Maintenance	3,988,105	2,293,234	-	6,281,339
Advertising and selling	4,881,473	2,805,737	-	7,687,210
Total operating expenses	27,289,291	33,150,884	-	60,440,175
Gross profit	8,727,459	13,928,747	76,916	22,733,122
Other expenses				
Corporate general and administrative	-	-	5,925,584	5,925,584
Amortization of intangibles	3,656	345,493	33,394	382,543
Finance costs	51,028	154,215	1,354,195	1,559,438
Share-based incentive compensation	-	-	1,465,178	1,465,178
Acquisition and integration costs	-	-	1,113,839	1,113,839
Other (income) expenses		19,032	277,458	296,490
Total other expenses	54,684	518,740	10,169,648	10,743,072
Earnings before income taxes	8,672,775	13,410,007	(10,092,732)	11,990,050
Income tax expense	2,194,594	3,620,702	(2,527,264)	3,288,032
Net earnings for the period	$ 6,478,181	$ 9,789,305	$ (7,565,468)	$ 8,702,018

26. SUBSEQUENT EVENTS

On April 10, 2023, PLC acquired substantially all the assets of Carson-Speaks Chapel in Independence, Missouri; Speaks Buckner Chapel in Buckner, Missouri; Speaks Suburban Chapel in Independence Missouri; and Oak Ridge Memory Gardens in Independence, Missouri, expanding PLC's footprint in the Kansas City metropolitan market through the addition of three stand-alone funeral homes and one stand-alone cemetery.

In April 2023, the Company filed a short-form base shelf prospectus with the securities commissions in each of the provinces and territories of Canada. This shelf prospectus allows PLC to offer an unlimited amount of Common Shares, debt securities, warrants, subscription receipts, units, or any combination thereof, from time to time, during the 25-month period that the shelf prospectus is effective, commencing April 14, 2023.

27. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the March 31, 2023, consolidated statements of earnings.

PARK LAWN CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Quarter Ending March 31, 2023

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 month period ended March 31, 2023. This discussion should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and accompanying notes for the three month period ended March 31, 2023, together with the Company's audited consolidated financial statements and MD&A for the year ended December 31, 2022, and the accompanying notes contained therein. Information contained in this MD&A is based on information available to management as of May 11, 2023. Unless otherwise stated, all amounts discussed herein are denominated in U.S. dollars.

Additional Information

Additional information relating to the Company, including the Company's latest Annual Information Form ("**AIF**"), is available on SEDAR at www.sedar.com under the Company's profile and on the Company's website at www.parklawncorp.com.

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, the Company's aspirational growth targets for the end of 2026, statements regarding the impact of COVID-19 on the Company's business, 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 that 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 future impacts of the COVID-19 pandemic, as well as other pandemic, epidemic and health risks, and the adverse effects from the measures implemented or to be implemented as a result thereof; 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; 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; the geographic concentration of the Company's operations; the Company's reliance on key personnel; the ability to maintain effective internal controls over financial reporting; tax related risks; the Company's non-controlled interests; relations with the Company's unionized and non-unionized employees; self-insurance and insurance coverage and limits; the Company's fixed operating costs; changing consumer preferences; the increasing number of cremations; litigation and professional liability practice claims; competition in the industry and markets in which the Company operates; 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 AIF, for the year ended December 31, 2022 which is available on SEDAR at www.sedar.com and on the Company's website at www.parklawncorp.com. 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 contained in this MD&A for periods beyond 2023 involve longer-term assumptions and estimates than forward-looking statements for 2023 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 return to 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 of 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 2023 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 AIF will remain substantially unchanged during such periods, except for an assumed improvement in the 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, monetization, 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 depend 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 three month period ended March 31, 2023, 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, 2022. There have been no material changes in the Company's significant accounting policies or critical accounting estimates during the period ended March 31, 2023.

The financial information included herein reflects all adjustments that, in the opinion of management, are necessary for a fair presentation of the results for the interim periods presented. The results of operations for the periods ended March 31, 2023, and 2022 are not necessarily indicative of the results to be expected for the full year.

Consolidation

The Company's unaudited condensed interim consolidated financial statements for the three month period ended March 31, 2023, include the accounts of the Company and its subsidiaries. All significant accounts and transactions between consolidated entities are eliminated.

Currency

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

The financial statements of entities with a functional currency that is not USD have been translated into USD using the following CAD:USD average exchange rates for the three months ended March 31, 2023, and 2022, and for the twelve months ended December 31, 2022.

CAD/USD Exchange Rate	Three months ended,		Year ended
	March 31, 2023	March 31, 2022	December 31, 2022
Closing rate at the reporting date	0.7399	0.7996	0.7383
Average rate for the period	0.7396	0.7896	0.7369

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, other income (expenses), and the fair value of any hedging arrangements.

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 before income taxes, finance costs, 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 definition of EBITDA has been revised from prior periods due to a change in financial statement presentation of the Company's statement of earnings, and adjustments for acquisition and integration expenses, and other (income) expenses which were previously presented as adjustments to EBITDA are now adjusted only for purposes of calculating Adjusted EBITDA.

  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 "Quarterly Information" below for a reconciliation of the Company's earnings from operations to EBITDA.

- **Adjusted EBITDA** - Adjusted EBITDA is EBITDA adjusted for the fair value adjustment on any hedging arrangements, share-based compensation, acquisition and integration expenses, and other (income) expenses. 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. The definition of Adjusted EBITDA has been revised due to a change in financial statement presentation of the Company's statement of earnings, and adjustments for acquisition and integration expenses, and other (income) expenses which were previously presented as adjustments to EBITDA are now adjusted for in Adjusted EBITDA.

  Please see the "Discussion of Operating Results - EBITDA and Adjusted EBITDA" and "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 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.

- **Adjusted Field EBITDA** – Adjusted Field EBITDA is Adjusted EBITDA that the Company derives from its funeral and cemetery operation segments. The Company believes that the inclusion of Adjusted Field EBITDA also provides useful supplementary information to investors and other third parties that allows them to assess the operating performance of the Company's operating segments and to compare its results to prior periods and to the results of its competitors.

  Please see the "Operating Segments" below for a reconciliation of the Company's Adjusted EBITDA to Adjusted Field EBITDA.

- **Adjusted Field EBITDA Margin** – the Company calculates Adjusted Field EBITDA Margin as Adjusted Field EBITDA from its funeral and cemetery operation segments as a percentage of total funeral and cemetery revenue. The

Company believes the Adjusted Field EBITDA Margin helps to assess the operating performance of the Company's operating segments and to compare its results to prior periods and to the results of its competitors.

- **Adjusted Corporate EBITDA** – Adjusted Corporate EBITDA is Adjusted EBITDA that the Company derives from its corporate operations.

  Please see the "Operating Segments" below for a reconciliation of the Company's Adjusted EBITDA to Adjusted Corporate EBITDA.

- **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, 2022, and ending March 31, 2023.

- **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, 2022, and ending March 31, 2023.

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

- **Leverage Ratio** – is defined in the fourth amended and restated credit agreement between the Company and one of its U.S. subsidiaries as borrowers, and a syndicate of lenders led by National Bank of Canada, dated February 21, 2023 (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, hedge arrangements 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 twelve 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 (the "**TSX**") 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 19 U.S. states, which consist of 109 stand-alone cemeteries and 140 stand-alone funeral homes and 35 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: demographic trends in terms of population growth and average age, which impact death rates and number of deaths; 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; interest rate hikes; general market downturn; the Russia-Ukraine conflict; staff shortages; 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 AIF.

During the three month period ended March 31, 2023, PLC's operating performance continued to normalize as the COVID-19 pandemic continues to trend towards endemic, resulting in a decrease in call volumes and at-need sales. As a result, the impacts of the COVID-19 pandemic on PLC's sequential and year-over-year performance were reduced. While the number of deaths continue to decline to pre-pandemic levels, it is possible that future developments relating to COVID-19 could adversely impact the Company's business, operations, financial condition and cashflows, the extent of which, cannot be predicted with confidence as at the date hereof.

Financial Highlights

The table below summarizes selected financial information as at March 31, 2023, and the relevant comparable periods:

	March 31, 2023	December 31, 2022	December 31, 2021
Cash	$ 34,123,034	$ 30,277,742	$ 20,785,798
Total Assets	$ 1,504,004,149	$ 1,477,546,176	$ 1,406,098,186
Total Non-Current Liabilities	$ 898,604,595	$ 860,580,984	$ 822,451,858
Total Debt (1)	$ 256,203,910	$ 245,852,290	$ 171,504,908
Total Shareholder's Equity	$ 555,541,687	$ 551,595,990	$ 540,033,450
Number of Shares Issued and Outstanding	34,025,004	33,939,153	33,930,209
Quarterly Dividend Paid per Share (CAD)	$ 0.114	$ 0.114	$ 0.114
Leverage Ratio	1.95x	1.83x	0.98x
Interest Coverage Ratio	14.24x	21.79x	30.63x

(1) Total Debt – consists of the aggregate of the book value of long term debt, notes payable, lease liabilities, liabilities from interest rate swap arrangements and senior unsecured debentures, each as shown on the consolidated statement of financial position of the Company for the three month period ended March 31, 2023 (being an aggregate of $253,039,992 plus associated deferred financing costs of $1,381,319 and debt issuance costs of $1,782,599) and for the consolidated statement of financial position for the year ended December 31, 2022 (being an aggregate of $242,615,471, plus the face amount of deferred financing costs of $1,302,733 and debt issuance costs of $1,934,086) 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).

The following table provides selected financial information and analysis about PLC's performance in Q1 2023 compared with Q1 2022:

	Three Months Ended March 31,		
	2023	2022	Increase(decrease)
Revenue	$ 86,735,504	$ 83,173,297	$ 3,562,207
Gross profit	$ 23,104,022	$ 22,733,122	$ 370,900
Net Earnings for the period	$ 4,576,146	$ 8,702,018	$ (4,125,872)
Adjusted Net Earnings	$ 8,615,331	$ 11,176,862	$ (2,561,531)
Adjusted EBITDA	$ 20,541,390	$ 21,415,073	$ (873,683)
Adjusted Field EBITDA	$ 27,925,841	$ 27,212,663	$ 713,178
Gross profit margin	26.6%	27.3%	(70) bps
Adjusted EBITDA Margin	23.7%	25.7%	(200) bps
Adjusted Field EBITDA Margin	32.2%	32.7%	(50) bps
Net Earnings Per Share - Basic	$ 0.134	$ 0.255	$ (0.121)
Net Earnings Per Share - Diluted	$ 0.132	$ 0.250	$ (0.118)
Adjusted Net Earnings Per Share - Basic	$ 0.251	$ 0.327	$ (0.076)
Adjusted Net Earnings Per Share - Diluted	$ 0.249	$ 0.321	$ (0.072)
Adjusted EBITDA Per Share - Basic	$ 0.600	$ 0.627	$ (0.027)
Adjusted EBITDA Per Share - Diluted	$ 0.594	$ 0.615	$ (0.022)
Weighted Average Number of Common Shares			
Basic	34,258,113	34,163,346	94,767
Diluted	34,600,182	34,795,204	(195,022)

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

First Quarter Summary

The following points summarize PLC's financial and operational highlights from Q1 2023:

- For the three month period ended March 31, 2023, revenue increased by 4.3% to $86,735,504 compared to the three month period ended March 31, 2022. Revenue increased due to Acquired Operations which was offset by decreases in revenue from Comparable Operations primarily due to decreases in mortality year over year as the impact of COVD-19 normalized throughout 2022.
- Gross profit increased by 1.6% to $23,104,022 compared to the three month period ended March 31, 2022, due primarily to Acquired Operations. However, gross profit margin decreased by 70 bps due to a change in the product mix and decreased revenue from Comparable Operations.
- Net earnings for the period decreased by 47.4% to $4,576,146 for the three month period ended March 31, 2023, compared to $8,702,018 for the three month period ended March 31, 2022. Net earnings margin for the three month period ended March 31, 2023, was 5.3% compared to 10.5% for the three month period ended March 31, 2022.
- Diluted net earnings per Common Share decreased by $0.118 or 47.2% for the three month period ended March 31, 2023, compared to the three month period ended March 31, 2022.
- Diluted Adjusted Net Earnings per Common Share decreased by $0.072 or 22.4% for the three month period ended March 31, 2023, compared to the three month period ended March 31, 2022.
- Adjusted EBITDA decreased by 4.1% to $20,541,390 for the three month period ended March 31, 2023, compared to the three month period ended March 31, 2022.
- Adjusted EBITDA margin for the three month period ended March 31, 2023, was 23.7%, a 200 bps decrease over the comparable period in 2022.
- As at March 31, 2023, the Company's Leverage Ratio was 1.95x, and inclusive of the Company's outstanding debentures was 2.74x.
- The Company's Interest Coverage Ratio decreased by 18.85x from March 31, 2022, to 14.24x on March 31, 2023, and inclusive of interest from the Company's outstanding debentures, totaled 8.60x as of March 31, 2023.
- On March 31, 2023, the Company had $172,388,791 outstanding on the Credit Facility including letters of credit, and an undrawn balance of $127,611,209.
- On March 1, 2023, PLC completed and opened the first funeral home and cemetery combination in Waco, Texas, Waco Memorial Funeral Home, which is located on-site at Waco Memorial Park.
- On March 13, 2023, the Company acquired substantially all of the assets of Meyer Brothers Funeral Homes, businesses located in Sioux City, Iowa, South Sioux City, Nebraska and Ponca, Nebraska (collectively, "**Meyer**"), expanding its footprint in the Midwest.

  Highlights of the Meyer transaction include:

  - The addition of five stand-alone funeral homes.
  - Combined volumes of 1,116 calls per year.
  - Following the closing and integration of the transaction, the Meyer acquisition is expected to add $1,843,734 in Adjusted EBITDA annually.
  - The agreed upon purchase price multiple for each of the transactions is within PLC's publicly stated targeted Adjusted EBITDA multiple range for its historical transactions.

Subsequent Events

Speaks Acquisition

On April 10, 2023, PLC acquired substantially all the assets of Carson-Speaks Chapel in Independence, Missouri: Speaks Buckner Chapel in Buckner, Missouri; Speaks Suburban Chapel in Independence Missouri; and Oak Ridge Memory Gardens in Independence, Missouri (collectively, "**Speaks**"), expanding PLC's footprint in the Kansas City metropolitan market.

Highlights of the Speaks transaction include:

- The addition of three stand-alone funeral homes and one stand-alone cemetery.
- Combined volumes of 772 calls and 80 interments per year.
- Following the closing and integration of the transaction, the Speaks acquisition is expected to add $2,247,759 in Adjusted EBITDA annually.
- The agreed upon purchase price multiple for each of the transactions is within PLC's publicly stated targeted Adjusted EBITDA multiple range for its historical transactions.

Short-Form Base Shelf Prospectus

In April 2023, the Company filed a short-form base shelf prospectus with the securities commissions in each of the provinces and territories of Canada. This shelf prospectus allows PLC to offer an unlimited amount of Common Shares, debt securities, warrants, subscription receipts, units, or any combination thereof, from time to time, during the 25-month period that the shelf prospectus is effective, commencing April 14, 2023.

Discussion of Operating Results

Three Month Period ended March 31, 2023

Revenue

Revenue for the three month period ended March 31, 2023, was $86,735,504 compared to $83,173,297 in the same period in 2022. This represents an increase of $3,562,207 or 4.3%, over the same period in 2022.

Revenue is derived primarily from sales of property, merchandise and services by the Company's cemetery, funeral and cremation businesses. Revenue for the three month period ended March 31, 2023, and 2022 are as follows:

	March 31, 2023	March 31, 2022
Sales	$ 82,971,246	$ 79,849,576
Income from care and maintenance funds	2,698,845	2,341,482
Interest and other income	1,065,413	982,239
Total revenue	$ 86,735,504	$ 83,173,297

Revenue increased 4.3% due to Acquired Operations offset by a decrease in Comparable Operations of 5.6%, primarily due to a decline in call volumes at the Company's funeral home properties which decreased by 11.3%, offset in-part by a 1.5% increase in average revenue per call. Sales from Comparable Cemetery Operations decreased by $864,093 primarily due to property sales decreasing by $1,275,469, offset by an increase in merchandise and services by $508,414. Property sales decreased due to the delivery of a mausoleum in the Company's Midwest region in three month period ended March 31, 2022, which had a buildup of pre-need property sales that were recognized into revenue once the mausoleum was completed. This decrease was partially offset by large group sales incurred in the Company's Northeast region. The increase in merchandise and services is due to the reduced delivery times on merchandise this quarter compared to the same quarter in 2022.

The decrease in Comparable Operations call volumes is due to a decline in mortality rates year-over-year as the impact of COVID-19 normalized throughout the second half of 2022. The increases in average revenue per call were due to price adjustments made over the past year to help offset inflationary pressures experienced in the economy.

Income from the Company's care and maintenance trust funds (the "**Care and Maintenance Trust Funds**") for the three month period ended March 31, 2023, was $2,698,845 compared to $2,341,482 in the same period of 2022, which represents an increase of $357,363 or 15.3%. Income from the Company's Care and Maintenance Trust Funds may vary based on market returns, timing of capital gains and other distributions, along with income from trust funds obtained from Acquired Operations.

Interest and other income for the three month period ended March 31, 2023, was $1,065,413 compared to $982,239 in the same period in 2022, which represents an increase of $83,174 or 8.5%.

Operating Expenses

Operating expenses for the three month period ended March 31, 2023, were $63,631,482 compared to $60,440,175 in the same period in 2022. This represents an increase of $3,191,307 or 5.3% over the same period in 2022, as indicated below:

	March 31, 2023	**March 31, 2022**
Cost of sales	$ 15,089,505	$ 13,678,317
General and administrative	34,979,825	32,793,309
Maintenance	6,077,914	6,281,339
Advertising and selling	7,484,238	7,687,210
	$ 63,631,482	$ 60,440,175

Cost of sales for the three month period ended March 31, 2023, was $15,089,505 compared to $13,678,317 in the same period in 2022. This represents an increase of $1,411,188 or 10.3% over the same period in 2022. The increase was primarily a result of Acquired Operations which increased the cost of sales by $1,466,981 as well as increases in merchandise sales at the Comparable Cemetery Operations offset in-part by an overall decrease in call volumes.

Field general and administrative expenses increased by $2,186,516. The increase in Acquired Operations is $4,889,756 offset by decreases in Comparable Operations of $2,703,240. The Comparable Operations decrease attributed primarily to a decrease in field labour costs including a decrease in incentive accruals, and a decrease in other operating costs such as supplies and vehicle expenses. During the three months ended March 31, 2023, health benefits decreased by $1,647,433 as the Company initiated a self-insured health benefits program in 2022 and actual claims were much less than expected.

Maintenance expenses decreased by $203,425 or 3.2%. The increase from Acquired Operations was $182,580, offset by a decrease in Comparable Operations of $386,005. The decrease from Comparable Operations is primarily driven from an insurance refund of $151,337 and reduced labour.

Advertising and selling expenses decreased by $202,972 or 2.6%. Advertising and selling expenses decreased at Comparable Operations by $376,826 offset by an increase of $173,854 in advertising and selling expenses from Acquired Operations. The decrease from Comparable Operations is due to reduced commissions resulting from decreased property sales and changes in the sales mix.

Gross profit

As a result of the above changes in revenue and operating expenses, gross profit for the three month period ended March 31, 2023, was $23,104,022 compared to $22,733,122 in the same period in 2022. This represents an increase of $370,900 or 1.6%, over the same period in 2022. Gross profit margin was 26.6% in the first quarter of 2023 compared to 27.3% in the same period in 2022, a decrease of 70 bps.

Other Expenses

Other expenses for the three month period ended March 31, 2023, were $16,046,333 compared to $10,743,072 in the same period in 2022. This represents an increase of $5,303,261 or 49.4% over the same period in 2022, as indicated below:

	March 31, 2023	March 31, 2022
Corporate general and administrative	$ 7,598,583	$ 5,925,584
Amortization of intangibles	324,321	382,543
Finance costs	3,608,812	1,559,438
Fair value adjustment on interest rate swaps	1,600,790	-
Share-based incentive compensation	1,101,088	1,465,178
Acquisition and integration costs	1,793,282	1,113,839
Other (income) expenses	19,457	296,490
	$ 16,046,333	$ 10,743,072

Corporate general and administrative expenses for the three month period ended March 31, 2023, were $7,598,583 compared to $5,925,584 in the same period in 2022. This represents an increase of $1,672,999 or 28.2% over the same period in 2022 due to an increase in labour including increased contract labour and incentive accruals primarily associated with the Company's growth profile, IT systems support primarily associated with third party costs related to the training, data conversion, and implementation of FaCTS, and other general and administrative costs such as legal fees, travel expenses, and audit and tax services.

Finance costs increased by $2,049,374 or 131.4% as a result of $85.5M in additional debt outstanding on the Company's Credit Facility and an increase in interest rates when compared to the same period in 2022. The interest rate including the Company's hedging activities relating to the Credit Facility was 5.6% on March 31, 2023, compared to 5.2% on December 31, 2022, and compared to 1.5% on March 31, 2022.

During the first quarter of 2023, the Company, through one of its subsidiaries, entered into certain hedging arrangements relating to interest rate swap transactions with three of the Company's syndicate lenders under the Credit Facility, whereby, the parties agreed to exchange at specified intervals, fixed and variable interest amounts calculated by reference to a notional amount of $100 million. The fixed rate of interest paid under these derivatives are 4.372%, 4.520% and 3.900%, and the contracts mature February 27, 2026, March 3, 2026, and April 3, 2025, respectively. The fair value adjustment on the three interest rate swaps was $1,600,790 for the three month period ended March 31, 2023, compared to $nil in the comparative period.

These interest rate swaps are used to manage interest rate exposure over the period of the interest rate swaps. The valuation of these instruments was determined using a discounted cash flow analysis based on the contractual terms of the derivatives, including the period to maturity of each instrument, using observable market based inputs, including interest rate curves and implied volatilities. Changes in fair value are recognized as a fair value adjustment to interest rate swaps in the consolidated financial statements.

The Company's second amended and restated omnibus equity incentive plan dated June 22, 2022 (as amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time, the "**EIP**") was established as a means of compensating directors and designated employees of the Company and its subsidiaries, and to promote share ownership and ensure 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**"). Compensation expenses associated with awards granted under the EIP for the three month period ended March 31, 2023, were $1,101,088 compared to $1,465,178 for the same period in 2022, which represents a decrease of $364,090. 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. The decrease for this quarter is primarily due to some issuances of PSUs and Options fully vesting in 2022 resulting in less expenses.

During the three month period ended March 31, 2023, and 2022, the Company incurred acquisition and integration expenses of $1,793,282 and $1,113,839, 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:

- $56,534 and $123,486 of expenses for the three month period ended March 31, 2023, and 2022, respectively, including legal costs relating to the preservation of certain historical investments and obligations associated with those investments, as well as costs for the defence of intellectual property created by the Company;
- $153,972 of impairment on other assets for the three month period ended March 31, 2022; and
- $37,077 of net gain and $19,032 of net loss related to the disposition of miscellaneous equipment for the three month period ended March 31, 2023, and 2022, respectively.

Net Earnings

Earnings before income taxes for the three month period ended March 31, 2023, were $7,057,689 compared to $11,990,050 in the same period in 2022. This represents a decrease of $4,932,361 or 41.1% over the same period in 2022.

Income tax expense for the three month period ended March 31, 2023, was $2,481,543 compared to $3,288,032 for the same period in 2022. The effective tax rate for the three month period ended March 31, 2023, was 35.2% which is higher than the

Company's statutory tax rates, 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 higher effective tax rate for the three month period ended March 31, 2023, was primarily due to the non-taxable fair value adjustment on interest rate swaps of $1,600,790, compared to $nil for the same period in 2022. Excluding the impact of the non-taxable fair value adjustment, the effective tax rate for the three month period ended March 31, 2023, is 28.7%, compared to 27.4% in the comparable period.

As a result of the above, the Company's net earnings for the three month period ended March 31, 2023, totaled $4,576,146 compared to $8,702,018 for the same period in 2022, which represents a decrease of $4,125,872 or 47.4% over the same period in 2022.

Net Earnings Per Share

The weighted average diluted number of Common Shares outstanding for the three month period ended March 31, 2023, decreased to 34,600,182 compared to 34,795,204 for the same period in 2022, a decrease of 195,022 or 0.6%. The decrease in outstanding Common Shares is due to the 200,985 Common Shares repurchased by the Company pursuant to the Normal Course Issuer Bid (the "**NCIB**"), offset by 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 for the three month period ended March 31, 2023, were $0.132 compared to $0.250 for the same period in 2022.

Adjusted Net Earnings

Net earnings for the three month period ended March 31, 2023, and 2022 as stated, have been impacted by certain one-time, non-recurring or non-cash revenue and expense, and other items that management believes should be highlighted to better explain the Company's operating performance for the periods under review on an adjusted basis. The table below reconciles Adjusted Net Earnings for the three month period ended March 31, 2023, and 2022 to the Company's net earnings:

	Three Months Ended March 31,	
	2023	2022
Net Earnings	$ 4,576,146	$ 8,702,018
Adjusted for the impact of:		
Amortization of intangible assets	324,321	382,543
Fair value adjustment on interest rate swaps	1,600,790	-
Share based compensation	1,101,088	1,465,178
Acquisition and integration costs	1,793,282	1,113,839
Other (income) expenses	19,457	296,490
Tax effect on the above items	(799,753)	(783,206)
Adjusted Net Earnings	$ 8,615,331	$ 11,176,862
Adjusted Net Earnings - per share		
Basic	$ 0.251	$ 0.327
Diluted	$ 0.249	$ 0.321
Weighted Average Shares		
Basic	34,258,113	34,163,346
Diluted	34,600,182	34,795,204

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

Adjusted Net Earnings for the three month period ended March 31, 2023, was $8,615,331 and $0.249 per share, diluted, compared to $11,176,862 and $0.321 per share, diluted, for the same period in 2022. This represents a decrease of 22.9% in the Adjusted Net Earnings and 22.4% in the Adjusted Net Earnings per share over the same three month period in 2022.

EBITDA and Adjusted EBITDA

The table below reconciles EBITDA and Adjusted EBITDA for the three month period ended March 31, 2023, and 2022 to earnings before income taxes:

	Three Months Ended March 31, 2023	2022
Earnings before income taxes	$ 7,057,689	$ 11,990,050
Adjusted for the impact of:		
Finance costs	3,608,812	1,559,438
Depreciation and amortization	3,774,114	3,225,111
Amortization of cemetery property	1,586,158	1,764,967
EBITDA	16,026,773	18,539,566
Fair value adjustment on interest rate swaps	1,600,790	-
Share based compensation	1,101,088	1,465,178
Acquisition and integration costs	1,793,282	1,113,839
Other (income) expenses	19,457	296,490
Adjusted EBITDA	$ 20,541,390	$ 21,415,073
EBITDA - per share		
Basic	$ 0.468	$ 0.543
Diluted	$ 0.463	$ 0.533
Adjusted EBITDA - per share		
Basic	$ 0.600	$ 0.627
Diluted	$ 0.594	$ 0.615
Weighted Average Shares Outstanding		
Basic	34,258,113	34,163,346
Diluted	34,600,182	34,795,204

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

EBITDA for the three month period ended March 31, 2023, was $16,026,773 and $0.463 per share, diluted, compared to $18,539,566 and $0.533 per share, diluted, for the same period in 2022. This represents a decrease of $2,512,793 or 13.6% in the EBITDA and $0.070 or 13.1% in the EBITDA per share over the same three month period in 2022.

The EBITDA profit margin for the three month period ended March 31, 2023, was 18.5% compared to 22.3% for the same period in 2022, representing a 380 bps decrease.

Adjusted EBITDA for the three month period ended March 31, 2023, was $20,541,390 and $0.594 per share, diluted, compared to $21,415,073 and $0.615 per share, diluted, for the same period in 2022. This represents a decrease of $873,683 or 4.1% in the Adjusted EBITDA and $0.021 or 3.4% in the Adjusted EBITDA per share over the same three month period in 2022.

The Adjusted EBITDA profit margin for the three month period ended March 31, 2023, was 23.7% compared to 25.7% for the same period in 2022, representing a 200 bps decrease.

Geographic Information

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

	March 31, 2023	December 31, 2022
Canada	$ 172,081,818	$ 171,249,043
United States	1,331,922,331	1,306,297,133
Total	$ 1,504,004,149	$ 1,477,546,176

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

	March 31, 2023	December 31, 2022
Canada	$ 173,055,077	$ 172,678,576
United States	775,407,385	753,271,610
Total	$ 948,462,462	$ 925,950,186

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

	Three Months Ended March 31, 2023	2022
Revenue:		
Sales:		
Canada	$ 7,210,275	$ 7,136,057
United States	75,760,971	72,713,519
Total sales	82,971,246	79,849,576
Income from care and maintenance funds:		
Canada	991,482	912,159
United States	1,707,363	1,429,323
Total income from care and maintenance funds	2,698,845	2,341,482
Interest and other income:		
Canada	93,445	81,160
United States	971,968	901,079
Total interest and other income	1,065,413	982,239
Total revenue:		
Canada	8,295,202	8,129,376
United States	78,440,302	75,043,921
Total revenue	$ 86,735,504	$ 83,173,297
Total net earnings/loss:		
Canada[(1)]	(2,237,218)	(1,412,444)
United States	6,813,364	10,114,462
Total net earnings/loss	$ 4,576,146	$ 8,702,018

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

Operating Segments

For the Company's operating segmented revenue, the Company allocated its statement of comprehensive earnings based on the contract type. The table below reconciles Net Earnings for the three month period ended March 31, 2023, and 2022 to the EBITDA, Adjusted EBITDA, and Adjusted Field EBITDA:

	Three Months Ended March 31, 2023			
	Cemetery	**Funeral Home**	**Corporate**	**Total**
Revenue				
Sales	$ 32,719,406	$ 50,251,840	$ -	$ 82,971,246
Income from care and maintenance funds	2,698,845	-	-	2,698,845
Interest and other income	854,700	139,875	70,838	1,065,413
Total revenue	36,272,951	50,391,715	70,838	86,735,504
Operating expenses				
Cost of sales	7,783,832	7,305,673	-	15,089,505
General and administrative	10,308,988	24,670,837	-	34,979,825
Maintenance	3,794,415	2,283,499	-	6,077,914
Advertising and selling	4,476,162	3,008,076	-	7,484,238
Total operating expenses	26,363,397	37,268,085	-	63,631,482
Gross profit	9,909,554	13,123,630	70,838	23,104,022
Other expenses				
Corporate general and administrative	-	-	7,598,583	7,598,583
Amortization of intangibles	19,169	271,758	33,394	324,321
Finance costs	11,791	201,081	3,395,940	3,608,812
Fair value adjustment on interest rate swaps	-	-	1,600,790	1,600,790
Share-based incentive compensation	-	-	1,101,088	1,101,088
Acquisition and integration costs	-	-	1,793,282	1,793,282
Other (income) expenses	(40,735)	3,658	56,534	19,457
Total other expenses	(9,775)	476,497	15,579,611	16,046,333
Earnings before income taxes	9,919,329	12,647,133	(15,508,773)	7,057,689
Income tax expense	2,531,164	3,414,726	(3,464,347)	2,481,543
Net earnings for the period	$ 7,388,165	$ 9,232,407	$ (12,044,426)	$ 4,576,146

The following table reconciles EBITDA and Adjusted EBITDA to Earnings before income taxes. Adjusted EBITDA is broken down into Adjusted Field EBITDA (Cemetery and Funeral Home) and Adjusted Corporate EBITDA:

	Three Months Ended March 31, 2023			
	Cemetery	**Funeral Home**	**Corporate**	**Total**
Earnings before income taxes	$ 9,919,329	$ 12,647,133	$ (15,508,773)	$ 7,057,689
Adjusted for the impact of:				
Finance Costs	11,791	201,081	3,395,940	3,608,812
Depreciation and amortization	857,785	2,739,641	176,688	3,774,114
Amortization of cemetery property	1,586,158	-	-	1,586,158
EBITDA	12,375,063	15,587,855	(11,936,145)	16,026,773
Fair value adjustment on interest rate swaps	-	-	1,600,790	1,600,790
Share based compensation	-	-	1,101,088	1,101,088
Acquisition and integration costs	-	-	1,793,282	1,793,282
Other (income) expenses	(40,735)	3,658	56,534	19,457
Adjusted EBITDA	$ 12,334,328	$ 15,591,513	$ (7,384,451)	$ 20,541,390

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

	Three Months Ended March 31, 2022			
	Cemetery	Funeral Home	Corporate	Total
Revenue				
Sales	$ 32,952,458	$ 46,897,118	$ -	$ 79,849,576
Income from care and maintenance funds	2,341,482	-	-	2,341,482
Interest and other income	722,810	182,513	76,916	982,239
Total revenue	36,016,750	47,079,631	76,916	83,173,297
Operating expenses				
Cost of sales	6,744,689	6,933,628	-	13,678,317
General and administrative	11,675,024	21,118,285	-	32,793,309
Maintenance	3,988,105	2,293,234	-	6,281,339
Advertising and selling	4,881,473	2,805,737	-	7,687,210
Total operating expenses	27,289,291	33,150,884	-	60,440,175
Gross profit	8,727,459	13,928,747	76,916	22,733,122
Other expenses				
Corporate general and administrative	-	-	5,925,584	5,925,584
Amortization of intangibles	3,656	345,493	33,394	382,543
Finance costs	51,028	154,215	1,354,195	1,559,438
Share-based incentive compensation	-	-	1,465,178	1,465,178
Acquisition and integration costs	-	-	1,113,839	1,113,839
Other (income) expenses		19,032	277,458	296,490
Total other expenses	54,684	518,740	10,169,648	10,743,072
Earnings before income taxes	8,672,775	13,410,007	(10,092,732)	11,990,050
Income tax expense	2,194,594	3,620,702	(2,527,264)	3,288,032
Net earnings for the period	$ 6,478,181	$ 9,789,305	$ (7,565,468)	$ 8,702,018

The following table reconciles EBITDA and Adjusted EBITDA to Earnings before income taxes. Adjusted EBITDA is broken down into Adjusted Field EBITDA (Cemetery and Funeral Home) and Adjusted Corporate EBITDA:

	Three Months Ended March 31, 2022			
	Cemetery	Funeral Home	Corporate	Total
Earnings before income taxes	$ 8,672,775	$ 13,410,007	$ (10,092,732)	$ 11,990,050
Adjusted for the impact of:				
Finance Costs	51,028	154,215	1,354,195	1,559,438
Depreciation and amortization	836,710	2,303,929	84,472	3,225,111
Amortization of cemetery property	1,764,967	-	-	1,764,967
EBITDA	11,325,480	15,868,151	(8,654,065)	18,539,566
Share based compensation	-	-	1,465,178	1,465,178
Acquisition and integration costs	-	-	1,113,839	1,113,839
Other (income) expenses	-	19,032	277,458	296,490
Adjusted EBITDA	$ 11,325,480	$ 15,887,183	$ (5,797,590)	$ 21,415,073

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

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 $42,221,735 as of March 31, 2023, including $34,123,034 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 has an overall borrowing capacity of $240 million and a maturity date of August 31, 2027. On February 21, 2023, the Company added a $60 million tranche to the Credit Facility for a term of one-year to provide additional financial flexibility. Based on the borrowing currency, the Credit Facility bears variable interest at the banker's acceptance rate (where borrowing currency is Canadian) or secured overnight financing rate (where borrowing currency is U.S.), plus an applicable margin based on the Leverage Ratio.

During the first quarter of 2023, the Company, through one of its subsidiaries, entered into hedging arrangements relating to interest rate swap transactions with three of the Company's syndicate lenders under the Credit Facility, whereby, the parties agreed to exchange at specified intervals, fixed and variable interest amounts calculated by reference to a notional amount of $100 million. The fixed rate of interest paid under these derivatives are 4.372%, 4.520% and 3.900%, and the contracts mature February 27, 2026, March 3, 2026, and April 3, 2025, respectively.

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 March 31, 2023, the Company was in compliance with both covenant tests with the Leverage Ratio being 1.95 times and the Interest Coverage Ratio being 14.24 times.

At March 31, 2023, the Company had $172,388,791 outstanding on the Credit Facility including letters of credit totaling $565,301. The Company has an undrawn balance on its Credit Facility of $127,611,209 and $34,123,034 in cash on hand as at March 31, 2023.

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.

As at March 31, 2023, the Company had other debt of $13,615,766 comprised of vehicle loans, interest rate swaps arrangements and notes payable to former business owners supporting non-compete and warranty agreements. Further, as at March 31, the Company had $5,445,527 in lease liabilities, and the Debentures balance of $61,935,739, net of debt issuance costs and accretion expenses of $1,782,599.

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 chart summarizes the Company's contractual obligations, including payments due for each of the next five years and thereafter.

	Apr 1-Dec 31 2023	Jan 1-Dec 31 2024	Jan 1-Dec 31 2025	Jan 1-Dec 31 2026	Jan 1-Dec 31 2027	Thereafter	Total
Credit facility	$ -	$ -	$ -	$ -	$ 171,823,490	$ -	$ 171,823,490 [1]
Other long-term debt	29,190	29,396	13,271	5,351	-	-	77,208
Notes payable	1,774,940	2,051,631	1,758,263	1,517,397	1,479,210	4,957,116	13,538,557
Lease liabilities	1,718,749	1,025,228	848,022	841,755	446,954	1,583,847	6,464,555
Senior Unsecured Debentures	-	-	61,935,739	-	-	-	61,935,739
Commitments	6,295,539	12,438	-	-	-	50,000,000	56,307,977
Total	$ 9,818,418	$ 3,118,693	$ 64,555,294	$ 2,364,503	$ 173,749,654	$ 56,540,963	$ 310,147,525

[1] Excludes letters of credit issued of $565,301.

Commitments

As at March 31, 2023, the Company had 12 ongoing commitments (the "Commitments") with an aggregate balance of $56,307,977 for the construction of funeral homes, mausoleums, cemetery development in the United States and a long-term commitment with one of its principal suppliers. To date, the Company spent $2,909,397 on the construction Commitments in progress. The construction Commitments relate primarily to Hollywood Memorial Park and Cemetery, and Forest Lawn Cemetery's Garden of Angels as described below.

Hollywood Memorial Park and Cemetery is an 81-acre cemetery property located in Union, New Jersey. Hollywood is constructing a 1,064-casket space garden mausoleum. To date, the company has spent $1,249,292 with a remaining project cost of $650,708. The project is expected to be completed in Q4 of 2023.

Forest Lawn Cemetery's Garden of Angels property is located in Houston, Texas and consists of an area containing ground burial spaces, hedged estates, a columbarium and various cremation features. To date, the company has spent $76,465 on the project and the remaining balance of $867,910 will be spent in Q2 of 2023, when the project is expected to be completed.

Included in the Commitments is also an agreement for the purchase of four industrial units of property in Mississauga, Ontario, Canada (the "**Haines Properties**"). A purchase and sale agreement for the Haines Properties was entered into by a limited partnership formed by a subsidiary of the Company as general partner, and a trustee on behalf of certain Care and Maintenance Trust Funds, as limited partners ("**Haines LP**") for an aggregate purchase price of C$3,331,885. The Haines Properties are currently leased by one of the Company's funeral homes from an arm's length third party. On closing of the transaction, which is expected to occur during the second quarter of 2023, the Haines Properties will be leased by Haines LP to the funeral home on substantially the same terms as the existing lease, with necessary adjustments to rent to align with market terms.

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.

To remain competitive with low-end providers, effective February 1, 2023, PLC entered into a five-year term commitment with one of its principal suppliers for the purchase of at least $50,000,000 in burial and cremation products and merchandise, enabling it to attract price conscious consumers focused on comparing prices, and product and service offerings. The commitment is expected to increase the Company's savings over the next five years as the Company continues to acquire businesses, increasing inventory levels.

Dividends and Free Cash Flow

The Company uses Free Cash Flow as a measure of, among other things, the sustainability of its dividend. The table below summarizes the calculation of Free Cash Flow for the three month period ended March 31, 2023, and 2022 compared to its dividend payout:

	Three Months Ended March 31, 2023	2022
Cash provided by (used in) operating activities	$ 18,826,552	$ 18,806,190
Maintenance capital expenditures	(1,988,789)	(2,235,439)
Inventory additions	(916,729)	(225,102)
Lease payments	(522,506)	(347,463)
Free cash flow from operations	$ 15,398,528	$ 15,998,186
Free cash flow from operations per common share-diluted	$ 0.445	$ 0.460
Dividends per common share	$ 0.090	$ 0.090
Payout ratio	20%	20%
Weighted average shares outstanding-diluted	34,600,182	34,795,204

As calculated above, the Company's Free Cash Flow from operations was $15,398,528 for the three month period ended March 31, 2023, compared to $15,998,186 for the same period in 2022. This represents Free Cash Flow per fully diluted Common Share of $0.445 and $0.460 for the three month period ended March 31, 2023, and 2022, respectively.

The Company paid dividends of $0.090 per Common Share for the three month period ended March 31, 2023, and 2022. The dividends paid represent 20% and 20% of Free Cash Flow for the three month period ended March 31, 2023, and 2022, respectively.

The Company makes quarterly dividend payments to its shareholders of record on the last business day of each quarter, with dividends 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 is C$0.114 per Common Share per quarter.

The following table sets forth the per Common Share amounts of quarterly dividends declared and paid by the Company since January 1, 2023.

Month	Dividend Record Date	Payment Date	Per Share
March, 2023	March 31, 2023	April 14, 2023	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. The Company contributed $2,312,931 and $2,313,358 to the Care and Maintenance Trust Funds for the three month period ended March 31, 2023, and 2022, respectively. The Care and Maintenance Trust Fund assets are included in the Consolidated Statement of Financial Position at market value. As of March 31, 2023, the aggregate balance of the Care and Maintenance Trust Funds was $213,828,789 compared to $209,459,602 as at December 31, 2022. The increase is a result of investment performance and timing of capital gains and other distributions, and contributions to the Care and Maintenance Trust Funds by the Company. The Care and Maintenance Trust Fund assets are offset by a corresponding liability for Care and Maintenance Trusts' corpus.

As of March 31, 2023, the Company had net unrealized loss in the Care and Maintenance Trust Funds of $8,495,856, which represents a 3.8% 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 Merchandise 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.

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 of $246,296,518 on March 31, 2023, compared to $239,292,825 as at December 31, 2022. The increase in fair value is a result of investment performance, contributions to the Pre-Need Merchandise and Service Trust Fund by the Company and acquired businesses during the current period. The Pre-Need Merchandise and Service Trust Funds are offset by a corresponding liability for Deferred Pre-Need Receipts held in trust.

As of March 31, 2023, the Company had a net unrealized loss in the Pre-Need Merchandise and Service Trust Funds of $13,150,818, which represents a 5.1% 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 March 31, 2023, the current face amounts of pre-funded policies totaled $556,737,650 ($532,083,602 as at December 31, 2022). 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 into 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 in accordance with applicable laws. 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 a pre-need contract that would otherwise be required to be put in trust, in accordance with applicable laws. The obligations underlying these surety bonds are recorded as deferred revenue. As at March 31, 2023, the Company had surety bonds with an aggregate face value of $30,959,138 ($30,186,414 as at December 31, 2022).

Quarterly Information

	2023 Q1	2022 Q4	2022 Q3	2022 Q2
Revenue	$86,735,504	$86,143,691	$80,871,605	$75,921,525
Gross profit	$23,104,022	$21,950,399	$19,342,078	$16,813,765
Earnings before income taxes	$7,057,689	$8,146,293	$7,516,034	$7,981,152
Net earnings	$4,576,146	$5,290,953	$5,323,908	$5,807,886
Adjusted net earnings (1)	$8,615,331	$8,272,256	$7,764,988	$6,624,310
Adjusted EBITDA (2)	$20,541,390	$19,772,589	$18,155,459	$15,605,747
Gross profit margin	26.6%	25.5%	23.9%	22.1%
Adjusted EBITDA margin (2)	23.7%	23.0%	22.4%	20.6%
Net earnings per share - basic (3)	$0.134	$0.154	$0.155	$0.170
Net earnings per share - diluted (3)	$0.132	$0.153	$0.153	$0.167
Adjusted Net Earnings per share - basic (1), (3)	$0.251	$0.240	$0.226	$0.194
Adjusted Net Earnings per share - diluted (1), (3)	$0.249	$0.239	$0.224	$0.190
Adjusted EBITDA per share - basic (2), (3)	$0.600	$0.575	$0.529	$0.456
Adjusted EBITDA per share - diluted (2), (3)	$0.594	$0.571	$0.523	$0.448

	2022 Q1	2021 Q4	2021 Q3	2021 Q2
Revenue	$83,173,297	$78,949,931	$73,038,015	$72,028,202
Gross profit	$22,733,122	$20,689,236	$20,117,977	$19,109,812
Earnings before income taxes	$11,990,050	$9,529,281	$9,910,018	$8,577,108
Net earnings	$8,702,018	$7,113,666	$7,186,518	$5,807,870
Adjusted net earnings (1)	$11,176,862	$10,150,172	$9,585,999	$8,782,108
Adjusted EBITDA (2)	$21,415,073	$19,954,979	$18,654,958	$18,524,474
Gross profit margin	27.3%	26.2%	27.5%	26.5%
Adjusted EBITDA margin (2)	25.7%	25.3%	25.5%	25.8%
Net earnings per share - basic (3)	$0.255	$0.209	$0.231	$0.194
Net earnings per share - diluted (3)	$0.250	$0.206	$0.229	$0.192
Adjusted Net Earnings per share - basic (1), (3)	$0.327	$0.298	$0.308	$0.293
Adjusted Net Earnings per share - diluted (1), (3)	$0.321	$0.294	$0.305	$0.291
Adjusted EBITDA per share - basic (2), (3)	$0.627	$0.585	$0.600	$0.619
Adjusted EBITDA per share - diluted (2), (3)	$0.615	$0.579	$0.593	$0.613

(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. Additionally, the Company's business can be affected by seasonal fluctuations in the death rate. Generally, the number of deaths is higher during the winter months as influenza and pneumonia are generally higher during this period than other periods of the year. Further, although the COVID-19 pandemic triggered an increase in both pre-need and at-need sales in markets negatively impacted by the pandemic, mortality rates significantly declined in 2022 as the pandemic trended towards endemic, resulting in decreased call volumes and at-need sales.

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 March 31,	
	2023	2022
Key management compensation	$ 1,349,653	$ 1,958,173
Directors' fees	132,213	144,046
Total	$ 1,481,866	$ 2,102,219

Purchase of Haines Properties

The Company entered into an agreement for the purchase of the Haines Properties (see "Liquidity and Capital Resources – Commitments" for further details).

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 March 31, 2023.

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 Hudson acquired in the second quarter of 2022, Farris and Shackelford in the third quarter of 2022, Ertel, Brown's, Taylor, Muehlebach, Park Lawn Missouri and Jacoby in the fourth quarter of 2022 and Meyer in the first quarter of 2023.

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 as at March 31, 2023, related to the above mentioned acquisitions:

	March 31, 2023 Hudson	March 31, 2023 Farris	March 31, 2023 Shackelford	March 31, 2023 Ertel	March 31, 2023 Brown's
Revenue	$ 406,425	$ 751,136	$ 2,476,249	$ 287,715	$ 454,888
Net earnings	$ 100,069	$ 158,849	$ (67,415)	$ (16,092)	$ (23,013)
Current assets	$ -	$ (61,364)	$ 9,932	$ -	$ -
Non-current assets	$ 1,736,138	$ 9,264,220	$ 18,393,851	$ 1,231,913	$ 1,562,227
Current liabilities	$ -	$ 179,512	$ 9,932	$ -	$ -
Non-current liabilities	$ 107,395	$ 5,539,606	$ 4,365,602	$ 37,927	$ 51,648

	March 31, 2023 Taylor	March 31, 2023 Muehlebach	March 31, 2023 Park Lawn Miss.	March 31, 2023 Jacoby	March 31, 2023 Meyer
Revenue	$ 359,811	$ 483,216	$ 890,107	$ 1,052,128	$ 251,882
Net earnings	$ 62,589	$ 22,343	$ 84,958	$ 273,620	$ 88,172
Current assets	$ -	$ -	$ -	$ 280,985	$ 160,787
Non-current assets	$ 2,618,067	$ 1,646,118	$ 13,020,112	$ 5,063,437	$ 6,814,843
Current liabilities	$ -	$ -	$ -	$ 51,802	$ 295,695
Non-current liabilities	$ 1,308,705	$ 250,553	$ 7,645,250	$ 1,442,389	$ 1,847,557

Changes in Internal Controls over Financial Reporting

There have been no changes in the Company's internal controls over financial reporting during the 2023 fiscal year that have affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Shares Outstanding

The authorized share capital of the Company consists of an unlimited number of Common Shares. As at March 31, 2023, there were 34,025,004 Common Shares issued and outstanding, net of Common Shares held by a trust established by PLC (the "**Trust**") for the settlement of awards issued under the EIP, representing an increase of 85,851 Common Shares since December 31, 2022. The increase in the number of Common Shares is due to the issuance of Common Shares pursuant to the Company's DRIP and EIP. In addition, the Company has 633,082 Common Shares reserved for issuance under the EIP, and 348,261 Common Shares reserved for issuance under the DRIP. As at March 31, 2023, 1,963,058 DSUs, RSUs, PSUs and Options were outstanding. As at May 11, 2023, there were 34,233,499 Common Shares issued and outstanding and 140,640 Common Shares held by the Trust.

Shares purchased under NCIB and held in trust for future settlement of share-based incentive compensation

On August 11, 2022, the Company received approval from the TSX to implement an NCIB. Under the NCIB, the Company may, during the twelve month period commencing August 17, 2022, and ending August 16, 2023, purchase up to a maximum of 3,385,439 Common Shares, representing 10% of its public float of issued and outstanding Common Shares as at August 8, 2022. All Common Shares purchased by the Company under the NCIB are cancelled or transferred to and held by the Trust for the settlement of awards issued under the EIP. Purchases made by the Company are made on the open market through the facilities of the TSX and or alternative Canadian trading systems, in accordance with applicable TSX and other applicable trading system rules. The actual number of Common Shares purchased under the NCIB and the timing of any such purchases are at PLC's discretion. Daily purchases are limited to 17,507 Common Shares, other than block purchase exceptions.

Additionally, PLC entered into an automatic securities purchase plan ("**ASPP**") with its designated broker in connection with the NCIB to facilitate the purchase of Common Shares during times when PLC would ordinarily not be permitted to purchase Common Shares due to regulatory restrictions or self-imposed black-out periods. Before entering a black-out period, PLC may, but is not required to, instruct the broker to make purchases under the NCIB based on parameters set by PLC in accordance with the ASPP, TSX rules and applicable securities laws. Since its inception, PLC has not directed its broker to make any automatic purchases of Common Shares under the ASPP.

PLC established the Trust to hold Common Shares purchased under the NCIB for the purpose of settling awards (other than Options granted to Canadian Taxpayers) under the EIP. In conjunction with the EIP, the Company may make contributions to the Trust, which contributions will be used by the Trust to acquire Common Shares for the benefit of the participants under EIP. The Trust is considered a structured entity and is consolidated in the Company's financial statements with the cost of the acquired shares recorded at book value as a reduction to share capital. Any premium on the acquisition of the Common Shares above book value is applied to retained earnings until the Common Shares are issued to settle RSU and PSU awards.

There were no Common Shares purchased under the NCIB during the three month period ended March 31, 2023. For the year ended December 31, 2022, the Company purchased 200,985 Common Shares for aggregate consideration of $3,752,891 (C$5,061,488).

	2023	2022
Common shares repurchased under the NCIB and held in trust (number of shares)		
Outstanding, beginning of the period	200,985	-
Shares purchased	-	200,985
Shares used for EIP award redemptions	(26,926)	-
Outstanding, end of the period	174,059	200,985

	March 31, 2023	December 31, 2022
Common shares repurchased under the NCIB and held in trust (number of shares)	-	200,985
Cash consideration paid	$ -	$ 3,752,891
Premium charged to retained earnings	-	734,793
Reduction in common share capital	-	3,018,098

Risks and Uncertainties

There are certain risks inherent in an investment in securities and activities of the Company, which investors should carefully consider before investing in the Company. Risks and uncertainties are disclosed in the Company's AIF, including without limitation, risks related to the declining number of deaths, inflationary pressures and supply chain interruptions, changing consumer preferences and cybersecurity risks found under the section "Risk Factors – Risks Related to the Industry". To the extent there have been any changes to those risks or uncertainties as of the date of this MD&A, they are discussed under "Forward-Looking Information". The Company's AIF is available on SEDAR at www.sedar.com and on the Company's website at www.parklawncorp.com.