Condensed Interim Consolidated Financial Statements

2023

As at and for the six months ending June 30, 2023 and 2022 | Unaudited

PARK LAWN CORPORATION

NOTICE TO READER

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

(signed) "*Deborah Robinson*"	(signed) "*Marilyn Brophy*"
Deborah Robinson	Marilyn Brophy
Chair, Director	Director

PARK LAWN CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
AS AT JUNE 30, 2023 AND DECEMBER 31, 2022
(U.S. dollars unless otherwise stated)

	June 30, 2023	December 31, 2022 *(Restated, Measurement Period Adjustment - see Note 5)*
Assets		
Current assets		
Cash	$ 31,327,585	$ 30,277,742
Accounts receivable (Note 3)	17,503,930	19,856,421
Pre-need receivables, current portion (Note 3)	28,271,779	28,192,812
Inventories, current portion (Note 4)	10,696,846	11,013,722
Prepaid expenses and other assets	9,696,577	3,654,259
	97,496,717	92,994,956
Non-current assets		
Pre-need receivables, net of current portion (Note 3)	68,719,996	71,263,116
Inventories, net of current portion (Note 4)	69,705,660	69,492,768
Land held for development (Note 6)	28,034,523	26,881,392
Property and equipment (Note 7)	284,661,960	271,841,002
Care and maintenance trust fund investments (Note 8)	212,838,722	209,459,602
Pre-need merchandise and service trust fund investments (Note 9)	261,474,240	239,292,825
Deferred tax assets	1,774,782	1,788,714
Goodwill and intangibles (Note 5 and 11)	479,263,033	458,178,062
Deferred commissions	31,559,760	30,881,614
Interest rate swaps (Note 23)	463,663	-
Prepaid expenses and other assets	4,844,404	5,234,276
	1,443,340,743	1,384,313,370
TOTAL ASSETS	$ 1,540,837,460	$ 1,477,308,326
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 39,332,491	$ 46,737,441
Dividends payable	2,884,029	2,873,446
Current portion of long-term debt (Note 12)	33,744	43,622
Current portion of notes payable (Note 13)	6,892,919	14,213,582
Current portion of lease liabilities	1,599,462	1,501,111
	50,742,645	65,369,202
Non-current liabilities		
Long-term debt, net of current portion (Note 12)	185,260,037	150,122,645
Notes payable, net of current portion (Note 13)	11,258,433	10,821,758
Lease liabilities, net of current portion	4,408,863	4,262,169
Senior Unsecured Debentures (Note 14)	63,341,982	61,650,585
Deferred tax liabilities	17,380,649	17,094,252
Deferred revenue (Note 15)	174,985,513	167,639,298
Care and maintenance trusts' corpus (Note 8)	212,838,722	209,459,602
Deferred pre-need receipts held in trust (Note 9)	261,474,240	239,292,825
	930,948,439	860,343,134
Shareholders' Equity		
Share capital (Note 17)	513,605,093	510,337,446
Contributed surplus	13,021,657	11,354,370
Accumulated other comprehensive loss	(7,033,720)	(7,026,942)
Retained earnings	39,553,346	36,931,116
	559,146,376	551,595,990
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,540,837,460	$ 1,477,308,326

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 AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(U.S. dollars unless otherwise stated)

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Revenue				
Sales	$ 81,461,454	$ 72,703,441	$ 164,432,700	$ 152,553,017
Income from care and maintenance funds (Note 8)	2,548,661	2,151,617	5,247,506	4,493,099
Interest and other income	1,265,440	1,066,467	2,330,853	2,048,706
	85,275,555	75,921,525	172,011,059	159,094,822
Operating expenses				
Cost of sales (Note 18)	14,229,538	12,829,350	29,300,503	26,639,851
General and administrative	35,185,771	31,082,045	70,980,113	65,047,051
Maintenance	7,452,811	7,232,011	13,149,961	13,422,416
Advertising and selling	7,364,127	7,964,354	14,433,152	14,438,617
	64,232,247	59,107,760	127,863,729	119,547,935
Gross profit	21,043,308	16,813,765	44,147,330	39,546,887
Other expenses				
Corporate general and administrative	7,224,747	5,753,090	14,823,330	11,678,674
Amortization of intangibles (Note 11)	356,939	319,030	681,260	701,573
Finance costs (Note 19)	4,202,416	1,721,942	7,811,228	3,281,380
Fair value adjustment on interest rate swaps (Note 23)	(2,064,453)	-	(463,663)	-
Share-based incentive compensation (Note 20 and 22)	2,068,750	1,220,065	3,169,838	2,685,243
Acquisition and integration costs (Note 5)	1,748,272	1,642,477	3,541,554	2,756,316
Other (income) expenses (Note 21)	2,980,894	(1,823,991)	3,000,351	(1,527,501)
	16,517,565	8,832,613	32,563,898	19,575,685
Earnings before income taxes	4,525,743	7,981,152	11,583,432	19,971,202
Income tax expense	750,162	2,173,266	3,231,705	5,461,298
Net earnings for the period	$ 3,775,581	$ 5,807,886	$ 8,351,727	$ 14,509,904
Net earnings per share				
- basic	$ 0.110	$ 0.170	$ 0.243	$ 0.424
- diluted	$ 0.109	$ 0.167	$ 0.241	$ 0.417
Weighted average number of common shares, net of shares held in trust (Note 20):				
- basic	34,390,430	34,216,943	34,319,997	34,183,665
- diluted	34,700,648	34,863,288	34,660,457	34,806,950

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

PARK LAWN CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(U.S. dollars unless otherwise stated)

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Net earnings for the period	$ 3,775,581	$ 5,807,886	$ 8,351,727	$ 14,509,904
Item of other comprehensive income to be subsequently reclassified to net earnings				
Foreign currency translation of foreign operations	(70,599)	(79,832)	(6,778)	(49,992)
Comprehensive income	$ 3,704,982	$ 5,728,054	$ 8,344,949	$ 14,459,912

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

PARK LAWN CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 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	$ 509,011,563	$ 11,939,676	$ 24,481,044	$ (5,398,833)	$ 540,033,450
Dividends declared (Note 16)	-	-	-	(6,120,111)	-	(6,120,111)
Equity incentive plan (Note 20)	-	-	2,644,298	-	-	2,644,298
Shares issued:						
Dividend reinvestment plan (Note 17 i)	33,176	896,702	-	-	-	896,702
Exercise of Equity incentive plan (Note 20)	69,727	1,421,641	(1,421,641)	-	-	-
Acquisition of non-controlling interest (Note 17 ii)	-	(270,556)	-	-	-	(270,556)
Foreign currency translation of foreign operations	-	-	-	-	(49,992)	(49,992)
Net earnings for the period	-	-	-	14,509,904	-	14,509,904
Balance at June 30, 2022	34,033,112	$ 511,059,350	$ 13,162,333	$ 32,870,837	$ (5,448,825)	$ 551,643,695
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)	-	-	-	(5,729,497)	-	(5,729,497)
Equity incentive plan (Note 20)	-	-	3,143,271	-	-	3,143,271
Shares issued:						
Dividend reinvestment plan (Note 17 i)	76,693	1,532,157	-	-	-	1,532,157
Exercise of Equity incentive plan (Note 20)	77,011	1,735,490	(1,475,984)	-	-	259,506
Foreign currency translation of foreign operations	-	-	-	-	(6,778)	(6,778)
Net earnings for the period	-	-	-	8,351,727	-	8,351,727
Balance at June 30, 2023	34,092,857	$ 513,605,093	$ 13,021,657	$ 39,553,346	$ (7,033,720)	$ 559,146,376

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

PARK LAWN CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(U.S. dollars unless otherwise stated)

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Cash provided by (used in):				
Operating activities				
Net earnings for the period	$ 3,775,581	$ 5,807,886	$ 8,351,727	$ 14,509,904
Adjustments to reconcile net income to cash provided by (used in) operating activities:				
Acquisition and integration costs (Note 5)	1,748,272	1,642,477	3,541,554	2,756,316
Deferred tax expense	(1,469,556)	172,797	(1,257,135)	279,298
Depreciation of property and equipment, and amortization of intangibles (Note 7 and 11)	3,971,186	3,203,516	7,745,300	6,428,627
Cost of property sales (Note 18)	1,396,922	1,660,586	2,983,080	3,425,553
Deferred financing costs (Note 12 and 19)	189,076	107,730	326,710	216,120
Accretion expense on Senior Unsecured Debentures (Note 14 and 19)	156,869	154,120	308,355	305,013
Interest on lease liabilities (see Note 19)	137,123	79,583	294,488	163,083
Share based incentive compensation (Note 20)	2,050,241	1,185,016	3,143,271	2,644,298
Proceeds from excercised stock options	909	-	259,506	-
(Gain) loss on disposal of property and equipment (Note 7 and 21)	(8,051)	(1,857,050)	(45,128)	(1,838,018)
Loss on the sale of non-strategic business (Note 7 and 21)	2,579,491	-	2,579,491	-
Impairment of other assets (Note 21)	-	-	-	153,972
Fair value adjustments on interest rate swaps (Note 23)	(2,064,453)	-	(463,663)	-
Changes in working capital that provided (required) cash:				
Accounts receivable (Note 3)	(3,622,158)	1,225,696	1,029,808	724,784
Net receipts on pre-need activity	6,753,034	(1,576,804)	10,594,147	647,184
Merchandise inventories	63,454	315,866	5,364	97,525
Prepaid expenses and other current assets	229,962	(2,486,961)	(848,659)	(1,514,508)
Accounts payable and accrued liabilities	(2,179,197)	757,607	(6,012,959)	199,015
Cash provided by (used in) operating activities	13,708,704	10,392,065	32,535,256	29,198,166
Investing activities				
Acquisition and integration costs (Note 5)	(1,748,272)	(1,642,477)	(3,541,554)	(2,756,316)
Net cash on acquisitions (Note 5)	(20,362,453)	(14,800,000)	(34,750,000)	(14,800,000)
Acquisition of non-controlling interest (Note 17)	-	-	-	(270,556)
Additions to cemetery property	(1,091,007)	(1,346,844)	(2,716,064)	(1,930,479)
Acquisition of property and equipment (Note 7)	(3,396,464)	(3,946,249)	(6,767,160)	(8,653,659)
Additions of land held for development	(1,153,132)	-	(1,153,132)	-
Proceeds on disposal of property and equipment (Note 7)	405,415	2,301,798	902,380	2,624,814
Additions to intangible assets (Note 11)	(177,641)	(200,718)	(382,239)	(416,887)
Cash interest from other assets	58,931	60,945	173,763	60,945
Cash provided by (used in) investing activities	(27,464,624)	(19,573,545)	(48,234,005)	(26,142,138)
Financing activities				
Proceeds from issuance of long-term debt (Note 12)	20,150,000	3,582,956	44,900,000	3,852,631
Repayment of long-term debt (Note 12)	(5,128,217)	(87,285)	(9,456,300)	(87,285)
Repayment of note payable (Note 13)	(968,148)	(730,254)	(12,903,928)	(2,108,215)
Repayment of lease liabilities	(525,233)	(536,221)	(1,047,738)	(883,684)
Dividends and distributions paid (Note 16)	(2,209,057)	(2,382,928)	(4,249,757)	(3,186,595)
Financing costs	-	-	(214,878)	(3,645)
Cash provided by (used in) financing activities	11,319,345	(153,732)	17,027,398	(2,416,793)
Translation adjustment on cash	(358,875)	12,954	(278,806)	(45,207)
Net increase (decrease) in cash	(2,795,449)	(9,322,258)	1,049,843	594,028
Cash, beginning of period	34,123,034	30,702,084	30,277,742	20,785,798
Cash, end of period	$ 31,327,585	$ 21,379,826	$ 31,327,585	$ 21,379,826
Supplemental disclosures:				
Income taxes paid	$ 4,168,258	$ 4,124,495	$ 4,246,419	$ 4,184,635
Interest expenses paid	$ 4,694,809	$ 2,495,730	$ 6,939,856	$ 2,860,095

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 August 10, 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

	June 30, 2023	December 31, 2022
Accounts receivable	$ 17,503,930	$ 19,856,421
Pre-need receivables, current portion	28,271,779	28,192,812
Pre-need receivables, net of current portion	68,719,996	71,263,116

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

	June 30, 2023	December 31, 2022
Beginning of the period/year	$ 5,961,068	$ 3,458,600
Additions to allowances	2,601,702	2,823,751
Cancellations	(513,685)	(300,414)
Foreign currency translation	9,669	(20,869)
End of the period/year	$ 8,058,754	$ 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:

	June 30, 2023	December 31, 2022
Beginning of the period/year	$ 9,202,423	$ 8,666,042
Additions to allowances	786,904	3,848,169
Cancellations	(365,568)	(3,311,788)
End of the period/year	$ 9,623,759	$ 9,202,423

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

4. INVENTORIES

	June 30, 2023	December 31, 2022
Merchandise inventories	$ 5,059,753	$ 4,772,801
Cemetery lots	46,863,703	40,501,245
Crypts and niches	21,183,860	30,298,259
Construction in progress	7,295,190	4,934,185
Total	$ 80,402,506	$ 80,506,490
Current portion	10,696,846	11,013,722
Non-current portion	$ 69,705,660	$ 69,492,768

There were no inventory write-downs in either period.

5. BUSINESS COMBINATIONS

Acquisitions completed in fiscal 2023

	Preliminary Q1 Acquisitions	Preliminary Q2 Acquisitions	Total
Assets acquired:			
Inventories	$ 195,273	$ 938,603	$ 1,133,876
Property and equipment	5,682,374	8,024,727	13,707,101
Pre-need merchandise and service trust fund investments	1,429,346	-	1,429,346
Goodwill	7,332,897	9,297,515	16,630,412
Intangibles	1,616,000	2,828,000	4,444,000
Total assets	$ 16,255,890	$ 21,088,845	$ 37,344,735
Liabilities assumed:			
Deferred pre-need receipts held in trust	$ 1,429,346	$ -	$ 1,429,346
	1,429,346	-	1,429,346
Fair value of consideration transferred:			
Cash consideration	14,250,000	20,500,000	34,750,000
Deferred cash consideration	576,544	588,845	1,165,389
	14,826,544	21,088,845	35,915,389
Total liabilities and considerations	$ 16,255,890	$ 21,088,845	$ 37,344,735

(i) On March 13, 2023, the Company acquired substantially all the assets of Meyer Brothers Funeral Homes, a business consisting of five stand-alone funeral homes located in Sioux City, Iowa, South Sioux City, Nebraska and Ponca, Nebraska for a purchase price of $14,826,544.

(ii) 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 ("Speaks"), a business consisting of three stand-alone funeral homes and one stand-alone cemetery.

(iii) On June 26, 2023, the Company acquired substantially all the assets of Cobb Funeral Chapel and Cobb Suncrest Memorial Gardens ("Cobb"), a business consisting of one on-site funeral home and cemetery located in Moultrie, Georgia.

Purchase price for Speaks and Cobb was $21,088,845.

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, Shackelford, Ertel, Brown's, Taylor, 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*
Pre-need receivables, net of current portion	$ 71,106,794	$ 156,322	$ 71,263,116
Inventories, net of current portion	69,399,807	92,961	69,492,768
Property and equipment	270,446,079	1,394,923	271,841,002
Goodwill and intangibles	461,704,757	(3,526,695)	458,178,062
Prepaid expenses and other assets	5,050,926	183,350	5,234,276
Deferred revenue	(169,338,437)	1,699,139	(167,639,298)
Total	$ 708,369,926	$ -	$ 708,369,926

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	Final Q3 Acquisitions	Preliminary Q3 Acquisitions	Final Q4 Acquisitions	Preliminary Q4 Acquisitions	Total
Assets acquired:						
Accounts receivable	$ 12,189	$ -	$ 9,932	$ 104,873	$ -	$ 126,994
Pre-need receivables	-	156,322	-	-	-	156,322
Inventories	246,817	935,421	521,608	416,565	-	2,120,411
Land held for development	200,000	90,000	9,811	63,200	570,000	933,011
Property and equipment	5,495,282	4,204,772	16,211,348	10,323,296	4,804,863	41,039,561
Care and maintenance trust fund investments	168,435	1,337,927	784,454	54,194	1,636,757	3,981,767
Pre-need merchandise and service trust fund investments	143,103	2,639,185	252,686	1,961,606	6,008,493	11,005,073
Goodwill	8,392,795	3,690,315	8,589,420	17,207,829	3,394,324	41,274,683
Intangibles	1,498,000	1,127,000	2,876,000	3,759,348	903,000	10,163,348
Prepaid expenses and other assets	-	-	1,533,857	-	-	1,533,857
Total assets	$ 16,156,621	$ 14,180,942	$ 30,789,116	$ 33,890,911	$ 17,317,437	$ 112,335,027
Liabilities assumed:						
Accounts payable and accrued liabilities	$ -	$ -	$ 1,488,267	$ -	$ -	$ 1,488,267
Lease liabilities	20,306	-	81,447	246,294	-	348,047
Deferred revenue	11,208	1,511,000	-	69,995	-	1,592,203
Care and maintenance trusts' corpus	168,435	1,337,927	784,454	54,194	1,636,757	3,981,767
Deferred pre-need receipts held in trust	143,103	2,639,185	252,686	1,961,606	6,008,493	11,005,073
	343,052	5,488,112	2,606,854	2,332,089	7,645,250	18,415,357
Fair value of consideration transferred:						
Cash consideration	14,800,000	8,250,000	27,305,000	18,512,688	9,400,000	78,267,688
Deferred cash consideration	1,013,569	442,830	877,262	13,046,134	272,187	15,651,982
	15,813,569	8,692,830	28,182,262	31,558,822	9,672,187	93,919,670
Total liabilities and considerations	$ 16,156,621	$ 14,180,942	$ 30,789,116	$ 33,890,911	$ 17,317,437	$ 112,335,027

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.

(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 Chancellor and Hudson was $15,813,569.

(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 for a purchase price of $9,672,187.

(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 and Jacoby was $31,558,822.

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 and for Hudson, Farris, Ertel, Brown's, Taylor, Muehlebach and Jacoby acquisitions in the second 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 $1,036,024 and $1,064,511 and internal acquisition costs were $712,248 and $577,966 for the three month period ended June 30, 2023, and 2022, respectively. External acquisition costs were $1,958,269 and $1,948,050 and internal acquisition costs were $1,583,285 and $808,266 for the six month period ended June 30, 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	June 30, 2023
Cost:							
Land held for development	26,881,392	-	1,082,473	-	-	70,658	28,034,523
Total	$ 26,881,392						$ 28,034,523

	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	June 30, 2023
Cost:							
Land	$ 64,122,274	3,572,000	-	-	(576,634)	68,280	$ 67,185,920
Buildings, cemetery and funeral property	193,899,518	8,452,000	4,338,569	-	(1,214,127)	537,629	206,013,589
Machinery, equipment and automotive	37,508,696	1,683,101	2,196,018	-	(505,551)	101,228	40,983,492
Cemetery improvements	9,897,666	-	117,136	-	(273,134)	69,597	9,811,265
Right-of-use asset	8,458,659	-	936,326	-	(16,791)	122,176	9,500,370
Total	313,886,813	13,707,101	7,588,049	-	(2,586,237)	898,910	333,494,636
Accumulated depreciation:							
Buildings, cemetery and funeral property	19,190,186	-	3,504,831	-	(172,700)	80,214	22,602,531
Machinery, equipment and automotive	15,601,699	-	2,412,611	-	(214,935)	57,510	17,856,885
Cemetery improvements	4,241,378	-	355,209	-	(104,050)	27,612	4,520,149
Right-of-use asset	3,012,548	-	791,388	-	17,240	31,935	3,853,111
Total	42,045,811	-	7,064,039	-	- 474,445	197,271	48,832,676
Net book value	$ 271,841,002						$ 284,661,960

	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	3,981,999	357,120	3,372,505	(271,560)	(208,845)	$ 64,122,274
Buildings, cemetery and funeral property	149,959,754	31,687,336	13,344,944	1,192,282	(685,735)	(1,599,063)	193,899,518
Machinery, equipment and automotive	29,040,173	5,427,678	4,017,934	-	(710,801)	(266,288)	37,508,696
Cemetery improvements	14,598,994	(405,500)	692,120	(4,564,787)	(214,839)	(208,322)	9,897,666
Right-of-use asset	8,296,058	348,046	3,597,438		(3,455,613)	(327,270)	8,458,659
Total	258,786,034	41,039,559	22,009,556	-	(5,338,548)	(2,609,788)	313,886,813
Accumulated depreciation:							
Buildings, cemetery and funeral property	14,849,055	-	5,025,953	-	(469,096)	(215,726)	19,190,186
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)	(528,037)	42,045,811
Net book value	$ 225,371,510						$ 271,841,002

Property and equipment depreciation expense amounted to $3,614,247 and $2,884,486 for the three month period ended June 30, 2023, and 2022, respectively, and $7,064,040 and $5,727,054 for the six month period ended June 30, 2023, and 2022, respectively. Included in property and equipment is depreciation expense related to corporate assets of $149,602 and $67,631 for the three month period ended June 30, 2023, and 2022, respectively, and $292,896 and $118,708 for the six month period ended June 30, 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 June 30, 2023, are $1,292,059 of additions at Canadian cemeteries and funeral sites (at December 31, 2022 - $5,493,530) and $6,295,990 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 $69,861 and $140,763 for the three month period ended June 30, 2023, and 2022, respectively, and $115,083 and $332,346 for the six month period ended June 30, 2023, and 2022, respectively. Capitalization rate used to determine the amount of borrowing costs eligible for capitalization was 6.2% and 1.6% for the three month period ended June 30, 2023, and 2022, respectively, and 5.8% and 1.3% for the six month period ended June 30, 2023, and 2022, respectively.

During the three month period ended June 30, 2023, the Company disposed of land and miscellaneous equipment for a sale price of $405,415 realizing a net gain of $8,051. During the six month period ended June 30, 2023, the Company disposed of land and miscellaneous equipment for a sale price of $902,380 realizing a net gain of $45,128. Also included in disposition is property and equipment related to the sale of a non-strategic cemetery business (see Note 21).

During the three month period ended June 30, 2022, the Company disposed of land and miscellaneous equipment for a sale price of $2,301,798 which resulted in a net gain of $1,857,050. During the six month period ended June 30, 2022, the Company disposed of land and miscellaneous equipment for a sale price of $2,624,814 realizing a net gain of $1,838,018.

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 $2,548,661 and $2,151,617 for the three month period ended June 30, 2023, and 2022, respectively, and $5,247,506 and $4,493,099 for the six month period ended June 30, 2023, and 2022, respectively.

The Company contributed $2,435,670 and $3,516,150 to the care and maintenance trust funds for the three month period ended June 30, 2023, and 2022, respectively, and $4,749,601 and $5,829,508 to the care and maintenance trust funds for the six month period ended June 30, 2023, and 2022, respectively.

Care and maintenance trust fund investments consist of the following:

	Fair Value and Amortized Cost		Cost	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Cash and cash equivalents	$ 8,911,511	$ 7,865,262	$ 8,895,155	$ 7,865,262
Fixed Income				
Canadian				
Corporate	4,385,655	4,236,363	4,960,464	4,805,071
Government	145,474	143,646	131,837	128,955
US				
Corporate	55,195	718,745	95,334	829,476
Government	-	929,496	-	1,061,705
Equities				
Canadian	49,331,203	49,517,250	43,963,061	42,925,182
US	230	62,946	36	18,731
Canadian Preferred	2,042,253	2,575,322	2,162,145	2,553,175
US Preferred	-	82,424	-	102,624
Mutual Funds/ETFs				
Equity	40,759,648	36,323,989	40,402,406	38,574,050
Fixed Income	48,868,617	51,938,733	55,800,054	60,932,657
Preferred	23,855,021	23,392,118	30,396,497	30,764,692
Alternative	34,483,915	31,673,308	34,039,444	31,015,692
	$ 212,838,722	$ 209,459,602	$ 220,846,433	$ 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	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Cash and cash equivalents	$ 47,100,904	$ 34,221,250	$ 47,117,629	$ 34,239,751
GIC's	25,143,346	24,540,120	25,143,346	24,540,120
Fixed Income				
Canadian				
Corporate	-	-	-	-
Government	-	-	-	-
US				
Corporate	4,622,575	5,767,732	4,646,477	5,894,672
Government	199,617	1,268,055	223,776	1,477,244
Equities				
Canadian	195,111	194,708	140,729	142,512
US	463,539	1,707,553	323,849	1,529,347
Canadian Preferred	1,504	5,177	2,640	6,295
US Preferred	-	308,328	-	392,128
Mutual Funds/ETFs				
Equity	86,291,042	80,465,512	96,724,425	101,710,959
Fixed Income	39,262,066	38,596,985	44,537,388	44,288,872
Preferred	-	-	-	-
Alternative	58,194,536	52,217,405	50,031,437	47,639,746
	$ 261,474,240	$ 239,292,825	$ 268,891,696	$ 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 June 30, 2023, the current face amount of pre-funded policies was $573,232,210 (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 June 30, 2023, were:

	January 1, 2023	Acquired in business combinations	Additions	Disposals	Foreign currency translation	June 30, 2023
Cost:						
Goodwill	$ 413,863,540	16,630,412	-	-	304,810	430,798,762
Non-compete agreements	15,390,301	2,169,000	-	-	10,230	17,569,531
Brand	32,349,500	2,275,000	-	-	-	34,624,500
Computer software	2,798,659	-	382,239	-	-	3,180,898
Total	464,402,000	21,074,412	382,239	-	315,040	486,173,691
Accumulated amortization:						
Non-compete agreements	6,090,363	-	614,472	-	5,460	6,710,295
Computer software	133,575	-	66,788	-	-	200,363
Total	6,223,938	-	681,260	-	5,460	6,910,658
Net book value	$ 458,178,062					$ 479,263,033

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	41,274,683	-	-	(921,962)	413,863,540
Non-compete agreements	12,907,091	2,954,348	73,360	(503,000)	(41,498)	15,390,301
Brand	25,140,500	7,209,000	-	-	-	32,349,500
Computer software	2,006,281	-	792,378	-	-	2,798,659
Total	413,564,691	51,438,031	865,738	(503,000)	(963,460)	464,402,000
Accumulated amortization:						
Non-compete agreements	5,556,101	-	1,051,066	(503,000)	(13,804)	6,090,363
Computer software	-	-	133,575	-	-	133,575
Total	5,556,101	-	1,184,641	(503,000)	(13,804)	6,223,938
Net book value	$ 408,008,590					$ 458,178,062

Amortization expense amounted to $356,939 and $319,030 for the three month period ended June 30, 2023, and 2022, respectively, and $681,260 and $701,573 for the six month period ended June 30, 2023, and 2022, respectively.

12. LONG-TERM DEBT

	June 30, 2023	December 31, 2022
Credit facility	$ 186,464,400	$ 151,377,460
Other debt	66,618	91,540
Deferred financing costs	(1,237,237)	(1,302,733)
Total	185,293,781	150,166,267
Current portion	33,744	43,622
Non-current portion	$ 185,260,037	$ 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 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 June 30, 2023, there was $186,464,400 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. The amortization of deferred financing costs was $189,076 and $107,730 for the three month period ended June 30, 2023, and 2022, respectively, and $326,710 and $216,120 for the six month period ended June 30, 2023, and 2022, respectively. As at June 30, 2023, standby letters of credit were issued utilizing $576,685 of the Credit Facility (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

	June 30, 2023	December 31, 2022
Notes payable	$ 18,151,352	$ 25,035,340
Current portion	6,892,919	14,213,582
Non-current portion	$ 11,258,433	$ 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 $17,080,277 (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.

13. NOTES PAYABLE - continued

Summary of principal repayments by year

	Due in one year	Due between one and two years	Due between two and three years	Due between three and four years	Due between four and five years	Thereafter	Total
Notes payable	$ 6,258,514	$ 2,298,793	$ 1,788,868	$ 1,530,115	$ 1,430,548	$ 4,844,514	$ 18,151,352

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 June 30, 2023, consists of the following:

	June 30, 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	308,355
Foreign currency translation	1,383,042
Balance at June 30, 2023	$ 63,341,982

Interest expense on the Debentures amounted to $920,870 and $968,429 for the three month period ended June 30, 2023, and 2022, respectively, and $1,825,297 and $1,933,998 for the six month period ended June 30, 2023, and 2022, respectively. Accretion expense amounted to $156,869 and $154,030 for the three month period ended June 30, 2023, and 2022, respectively, and $308,355 and $305,013 for the six month period ended June 30, 2023, and 2022, respectively. The transactions costs are amortized over the life of the Debentures, as of June 30, 2023, the total unamortized portion of the transaction costs was $1,625,730.

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:

	June 30, 2023	December 31, 2022 *(Restated, Measurement Period Adjustment - See Note 5)*
Cemetery and funeral merchandise, lots, crypts, and niches	$ 103,917,293	$ 98,221,529
Cemetery and funeral services	71,068,220	69,417,769
Total	$ 174,985,513	$ 167,639,298

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 dividend rate is C$0.114 per Common Share per quarter. The total amount of dividends declared by the Company were $2,846,026 and $3,063,467 for the three month period ended June 30, 2023, and 2022, respectively, and $5,729,497 and $6,120,111 for the six month period ended June 30, 2023, and 2022, respectively.

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.

17. SHARE CAPITAL - continued

Shares issued and outstanding

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)	76,693	$	1,532,157
Equity incentive plan (Note 20)	77,011		1,735,490
Balance June 30, 2023, net of shares held in trust (iii)	34,092,857	$	513,605,093

(i) Dividend reinvestment plan

For the six month period ended June 30, 2023, 76,693 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 10, 2023, the Company received approval from the TSX to renew its NCIB. Under the NCIB, the Company may, during the twelve-month period commencing August 17, 2023, and ending August 16, 2024, purchase up to a maximum of 3,391,575 Common Shares, representing 10% of its public float of issued and outstanding Common Shares as at August 4, 2023. 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 15,708 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.

Under its prior NCIB, which commenced on August 17, 2022 and expires on August 16, 2023, the Corporation had sought and received approval from the TSX to purchase up to 3,385,439 Common Shares. As of August 9, 2023, the Corporation had purchased 207,885 Common Shares under its prior NCIB through open market purchases on the TSX and/or alternative Canadian trading systems, at a weighted average price of approximately C$24.81 per Common Share for total cash consideration including commission of $3,825,438 (C$5,152,539).

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.

	June 30, 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	(60,343)	-
Outstanding, end of the period	140,642	200,985

There were no Common Shares purchased under the NCIB during the six month period ended June 30, 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).

	June 30, 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 June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Net earnings for the period	$ 3,775,581	$ 5,807,886	$ 8,351,727	$ 14,509,904
Basic weighted average number of common shares, net of shares held in trust	34,390,430	34,216,943	34,319,997	34,183,665
Dilutive effect of equity incentive plan (Note 20)	310,218	646,345	340,460	623,285
Diluted weighed average number of common shares, net of shares held in trust	34,700,648	34,863,288	34,660,457	34,806,950
Net earnings per share - basic	$ 0.110	$ 0.170	$ 0.243	$ 0.424
Net earnings per share - diluted	$ 0.109	$ 0.167	$ 0.241	$ 0.417

18. COST OF SALES

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Cost of sales - merchandise	$ 773,464	$ 692,348	$ 1,559,910	$ 1,442,821
Cost of sales - cemetery lots, crypts and niches (cost of property)	1,396,922	1,660,586	2,983,080	3,425,553
Cost of sales - services	10,544,510	9,253,196	21,722,876	19,140,688
Cost of sales - labour	1,514,642	1,223,220	3,034,637	2,630,789
Total cost of sales	$ 14,229,538	$ 12,829,350	$ 29,300,503	$ 26,639,851

19. FINANCE COSTS

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Finance costs:				
Interest on credit facility (Note 12)	$ 2,734,091	$ 429,510	$ 4,893,064	$ 730,207
Interest on Senior Unsecured Debentures (Note 14)	920,870	968,429	1,825,297	1,933,998
Interest on mortgages, other debt and notes payable (Note 12 and 13)	122,990	125,825	209,064	263,985
Interest on lease liabilities	137,123	79,583	294,488	163,083
Amortization of deferred financing costs (Note 12)	189,076	107,730	326,710	216,120
Accretion expense on senior unsecured debentures (Note 14)	156,869	154,030	308,355	305,013
Interest capitalized to construction (Note 7)	(69,861)	(140,763)	(115,083)	(332,346)
Unrealized foreign exchange on finance costs	11,258	(2,402)	69,333	1,320
Total	$ 4,202,416	$ 1,721,942	$ 7,811,228	$ 3,281,380

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.

	June 30, 2023	December 31, 2022
Outstanding, beginning of the period	46,777	47,748
Awarded	9,515	14,825
Redemptions	-	(16,476)
Dividend equivalents	409	680
Outstanding, end of the period	56,701	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 June 30, 2023, 183,774 of the awarded and outstanding RSUs have vested. The weighted average issuance price for the six month period ended June 30, 2023, was $21.05 or C$28.36.

	June 30, 2023	December 31, 2022
Outstanding, beginning of the period	271,524	250,738
Awarded	93,925	69,527
Redemptions	(60,343)	(51,119)
Cancellations/Forfeited	(7,141)	(918)
Dividend equivalents	2,483	3,296
Outstanding, end of the period	300,448	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 June 30, 2023, 116,948 of the awarded and outstanding PSUs have vested.

	June 30, 2023	December 31, 2022
Outstanding, beginning of the period	192,400	112,226
Awarded	-	115,983
Redemptions	-	(36,929)
Cancellations/Forfeited	(2,591)	-
Dividend equivalents	1,592	1,120
Outstanding, end of the period	191,401	192,400

Stock Options and Performance Options ("Options")

Grant Date	Expiry Date	Exercise Price	30-Jun-23	Vested	Unvested
May 21, 2020	May 21, 2025	$ 15.06	356,667	-	356,667
October 5, 2020	October 30, 2024	$ 20.88	80,000	-	80,000
			436,667	-	436,667
		Weighted Average Exercise Price	$ 18.60	$ 19.77	$ 18.60

The compensation expenses in respect of EIP awards amounted to $2,068,750 and $1,220,065 for the three month period ended June 30, 2023, and 2022, respectively, and $3,169,838 and $2,685,243 for the six month period ended June 30, 2023, and 2022, respectively. Included in the compensation expenses are legal and administrative fees related to the issuance of EIP awards of $18,509 and $35,049 for the three month period ended June 30, 2023, and 2022, respectively, and $26,567 and $40,945 for the six month period ended June 30, 2023, and 2022, respectively. The counterpart has been reflected in contributed surplus. Management plans to settle all DSUs, RSUs, PSUs and Options by issuing Common Shares from treasury or (other than Options granted to Canadian Taxpayers) by delivery of Common Shares from the Trust. 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 June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Legal and other costs	$ (409,454)	$ (33,059)	$ (465,988)	$ (156,545)
Gain (Loss) on disposal of property and equipment (Note 7)	8,051	1,857,050	45,128	1,838,018
Loss on disposal of non-strategic business	(2,579,491)	-	(2,579,491)	-
Impairment on other assets	-	-	-	(153,972)
	$ (2,980,894)	$ 1,823,991	$ (3,000,351)	$ 1,527,501

Legal and other costs were $409,454 and $33,059 for the three month period ended June 30, 2023, and 2022, respectively, and $465,988 and $156,545 for the six month period ended June 30, 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.

On May 1, 2023, the Company sold a non-strategic cemetery business in the state of New York for a nominal amount, incurring loss on disposition of $2,579,491.

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 June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Key management compensation	$ 1,986,276	$ 1,198,916	$ 3,335,929	$ 3,157,089
Directors' fees	118,729	139,440	250,942	283,486
Total	$ 2,105,005	$ 1,338,356	$ 3,586,871	$ 3,440,575

Directors’ fees and key management compensation included in share-based incentive were $1,357,655 and $650,903 for the three month period ended June 30, 2023, and 2022, respectively, and $2,042,569 and $1,576,803 for the six month period ended June 30, 2023, and 2022, respectively. Key management compensation included in acquisition and integration costs were $168,269 and $101,596 for the three month period ended June 30, 2023, and 2022, respectively, and $350,192 and $275,827 for the six month period ended June 30, 2023, and 2022, respectively. As at June 30, 2023, included in accounts payable and accrued liabilities are directors’ fees and key management compensation of $735,257 (as at December 31, 2022 - $1,038,245).

22. RELATED PARTY TRANSACTIONS AND BALANCES – continued

Key management compensation - continued

Through 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"), the Company completed the purchase of four industrial units of property in Mississauga, Ontario, Canada (the "Haines Properties") in the second quarter of 2023. A purchase and sale agreement for the Haines Properties was entered into by Haines LP for an aggregate purchase price of C$3,331,885. The Haines Properties are leased by Haines LP to a funeral home owned by the Company on substantially the same terms as the prior lease for the Haines Properties, with increases in rent to align with market rates.

On July 17, 2023, PLC acquired substantially all the assets of Ward Funeral Home Limited in Brampton, Woodbridge and Toronto, Ontario, expanding PLC's geographic presence in the Greater Toronto Area through the addition of three stand-alone funeral homes. This business was owned in-part by John Ward, a former director of the Company who did not stand for re-election to the Board for the 2023-2024 service year.

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 June 30, 2023, the senior unsecured debentures (see Note 14) are valued under Level 2 and have a fair value of $64,099,491 (as at December 31, 2022 - $63,041,591).

As at June 30, 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 June 30, 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	$ 8,895,155	$ -	$ -	$ -	$ 8,911,511	$ 8,911,511
Fixed Income						
Canadian						
Corporate	4,960,464	563,648	-	-	3,822,007	4,385,655
Government	131,837	145,474	-	-	-	145,474
US						
Corporate	95,334	55,195	-	-	-	55,195
Government	-	-	-	-	-	-
Equities						
Canadian	43,963,061	49,331,203	-	-	-	49,331,203
US	36	230	-	-	-	230
Canadian Preferred	2,162,145	2,042,253	-	-	-	2,042,253
US Preferred	-	-	-	-	-	-
Mutual Funds/ETFs						
Equity	40,402,406	40,759,648	-	-	-	40,759,648
Fixed Income	55,800,054	48,868,617	-	-	-	48,868,617
Preferred	30,396,497	23,855,021	-	-	-	23,855,021
Alternative	34,039,444		-	34,483,915	-	34,483,915
	$ 220,846,433	$ 165,621,289	$ -	$ 34,483,915	$ 12,733,518	$ 212,838,722

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	June 30, 2023
Alternative	31,673,308	9,726,763	(2,862,866)	(19,001)	141,245	(4,175,534)	34,483,915
Total	$ 31,673,308						$ 34,483,915

	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 June 30, 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	$ 47,117,629	$ -	$ -	$ -	$ 47,100,904	$ 47,100,904
GIC's	25,143,346	-	25,143,346	-	-	25,143,346
Fixed Income						
Canadian						
Corporate	-	-	-	-	-	-
Government	-	-	-	-	-	-
US						
Corporate	4,646,477	4,622,575	-	-	-	4,622,575
Government	223,776	199,617	-	-	-	199,617
Equities						
Canadian	140,729	195,111	-	-	-	195,111
US	323,849	463,539	-	-	-	463,539
Canadian Preferred	2,640	1,504	-	-	-	1,504
US Preferred	-	-	-	-	-	-
Mutual Funds/ETFs						
Equity	96,724,425	86,291,042	-	-	-	86,291,042
Fixed Income	44,537,388	39,262,066	-	-	-	39,262,066
Preferred	-	-	-	-	-	-
Alternative	50,031,437	-	-	58,194,536	-	58,194,536
	$ 268,891,696	$ 131,035,454	$ 25,143,346	$ 58,194,536	$ 47,100,904	$ 261,474,240

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	June 30, 2023
Alternative	52,217,405	7,913,743	(4,157,500)	(97,840)	-	2,318,728	58,194,536
Total	$ 52,217,405						$ 58,194,536

	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 June 30, 2023, a 100 basis-point change in interest rates, assuming all other variables are constant, would result in a $1,864,644 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 with one of the Company's syndicate lenders of 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 $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 with one of the Company's syndicate lenders of 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 $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 with one of the Company's syndicate lenders of 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 $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 were $2,064,453 and $nil for the three month period ended June 30, 2023, and 2022, respectively, and $463,663 and $nil for the six month period ended June 30, 2023, and 2022, respectively.

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 June 30, 2023:

	Maturity date	Fixed rate	Notional amount	Carrying value and fair value
Interest rate swap agreements, as of June 30, 2023				
Interest rate swap agreement	2/27/2026	4.372%	50,000,000	(55,128)
Interest rate swap agreement	3/3/2026	4.520%	25,000,000	80,082
Interest rate swap agreement	4/3/2025	3.900%	25,000,000	438,709
			$ 100,000,000	$ 463,663

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:

	June 30, 2023
Interest rate swaps at January 1, 2023	-
Fair value adjustment on interest rate swaps Jan 1 - Mar 31	(1,600,790)
Interest rate swaps at March 31, 2023	(1,600,790)
Fair value adjustment on interest rate swaps Apr 1 - Jun 30	2,064,453
Interest rate swaps at June 30, 2023	$ 463,663

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 16 ongoing commitments with the remaining balance of $52,284,105 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 $8,848,428 on these commitments.

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:

	June 30, 2023	December 31, 2022
Canada	$ 175,014,846	$ 171,249,043
United States	1,365,822,614	1,306,059,283
Total	$ 1,540,837,460	$ 1,477,308,326

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:

	June 30, 2023	December 31, 2022
Canada	$ 175,329,852	$ 172,678,576
United States	806,361,232	753,033,760
Total	$ 981,691,084	$ 925,712,336

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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenue:				
Sales:				
Canada	$ 6,851,327	$ 7,012,593	$ 14,061,603	$ 14,148,649
United States	74,610,127	65,690,848	150,371,097	138,404,368
Total sales	81,461,454	72,703,441	164,432,700	152,553,017
Income from care and maintenance funds:				
Canada	963,792	980,352	1,955,274	1,892,511
United States	1,584,869	1,171,265	3,292,232	2,600,588
Total income from care and maintenance funds	2,548,661	2,151,617	5,247,506	4,493,099
Interest and other income:				
Canada	95,875	90,180	189,320	171,340
United States	1,169,565	976,287	2,141,533	1,877,366
Total interest and other income	1,265,440	1,066,467	2,330,853	2,048,706
Total revenue:				
Canada	7,910,994	8,083,125	16,206,197	16,212,500
United States	77,364,561	67,838,400	155,804,862	142,882,322
Total revenue	$ 85,275,555	$ 75,921,525	$ 172,011,059	$ 159,094,822
Total net earnings/loss:				
Canada[1]	(3,028,233)	(1,179,854)	(5,265,450)	(2,592,298)
United States	6,803,814	6,987,740	13,617,177	17,102,202
Total net earnings/loss	$ 3,775,581	$ 5,807,886	$ 8,351,727	$ 14,509,904

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

25. SEGMENTED INFORMATION - continued

Operating segments

	Three Months Ended June 30, 2023			
	Cemetery	**Funeral Home**	**Corporate**	**Total**
Revenue				
Sales	$ 32,245,199	$ 49,216,255	$ -	$ 81,461,454
Income from care and maintenance funds	2,548,661	-	-	2,548,661
Interest and other income	948,610	270,628	46,202	1,265,440
Total revenue	35,742,470	49,486,883	46,202	85,275,555
Operating expenses				
Cost of sales	7,958,621	6,270,917	-	14,229,538
General and administrative	9,808,837	25,376,934	-	35,185,771
Maintenance	5,873,718	1,579,093	-	7,452,811
Advertising and selling	4,472,119	2,892,008	-	7,364,127
Total operating expenses	28,113,295	36,118,952	-	64,232,247
Gross profit	7,629,175	13,367,931	46,202	21,043,308
Other expenses				
Corporate general and administrative	-	-	7,224,747	7,224,747
Amortization of intangibles	15,550	315,148	26,241	356,939
Finance costs	18,058	175,638	4,008,720	4,202,416
Fair value adjustment on interest rate swaps	-	-	(2,064,453)	(2,064,453)
Share-based incentive compensation	-	-	2,068,750	2,068,750
Acquisition and integration costs	19,033	305,060	1,424,179	1,748,272
Other (income) expenses	2,579,490	(8,051)	409,455	2,980,894
Total other expenses	2,632,131	787,795	13,097,639	16,517,565
Earnings before income taxes	4,997,044	12,580,136	(13,051,437)	4,525,743
Income tax expense	1,049,169	3,396,637	(3,695,644)	750,162
Net earnings for the period	$ 3,947,875	$ 9,183,499	$ (9,355,793)	$ 3,775,581

25. SEGMENTED INFORMATION - continued

Operating segments - continued

	Three Months Ended June 30, 2022			
	Cemetery	Funeral Home	Corporate	Total
Revenue				
Sales	$ 33,246,800	$ 39,456,641	$ -	$ 72,703,441
Income from care and maintenance funds	2,125,109	26,508	-	2,151,617
Interest and other income	713,434	174,065	178,968	1,066,467
Total revenue	36,085,343	39,657,214	178,968	75,921,525
Operating expenses				
Cost of sales	7,544,133	5,285,217	-	12,829,350
General and administrative	10,167,444	20,914,601	-	31,082,045
Maintenance	5,982,137	1,249,874	-	7,232,011
Advertising and selling	5,651,038	2,313,316	-	7,964,354
Total operating expenses	29,344,752	29,763,008	-	59,107,760
Gross profit	6,740,591	9,894,206	178,968	16,813,765
Other expenses				
Corporate general and administrative	-	-	5,753,090	5,753,090
Amortization of intangibles	1,843	283,793	33,394	319,030
Finance costs	35,361	165,259	1,521,322	1,721,942
Share-based incentive compensation	-	-	1,220,065	1,220,065
Acquisition and integration costs	-	197,346	1,445,131	1,642,477
Other (income) expenses	(1,861,230)	4,180	33,059	(1,823,991)
Total other expenses	(1,824,026)	650,578	10,006,061	8,832,613
Earnings before income taxes	8,564,617	9,243,628	(9,827,093)	7,981,152
Income tax expense	2,312,447	2,495,779	(2,634,960)	2,173,266
Net earnings for the period	$ 6,252,170	$ 6,747,849	$ (7,192,133)	$ 5,807,886

25. SEGMENTED INFORMATION - continued

Operating segments - continued

	Six Months Ended June 30, 2023			
	Cemetery	**Funeral Home**	**Corporate**	**Total**
Revenue				
Sales	$ 64,706,372	$ 99,726,328	$ -	$ 164,432,700
Income from care and maintenance funds	5,247,506	-	-	5,247,506
Interest and other income	1,803,262	410,502	117,089	2,330,853
Total revenue	71,757,140	100,136,830	117,089	172,011,059
Operating expenses				
Cost of sales	15,861,881	13,438,622	-	29,300,503
General and administrative	19,479,683	51,500,430	-	70,980,113
Maintenance	10,194,024	2,955,937	-	13,149,961
Advertising and selling	8,931,954	5,501,198	-	14,433,152
Total operating expenses	54,467,542	73,396,187	-	127,863,729
Gross profit	17,289,598	26,740,643	117,089	44,147,330
Other expenses				
Corporate general and administrative	-	-	14,823,330	14,823,330
Amortization of intangibles	34,720	586,905	59,635	681,260
Finance costs	42,118	376,719	7,392,391	7,811,228
Fair value adjustment on interest rate swaps	-	-	(463,663)	(463,663)
Share-based incentive compensation	-	-	3,169,838	3,169,838
Acquisition and integration costs	19,033	481,910	3,040,611	3,541,554
Other (income) expenses	2,538,755	(4,392)	465,988	3,000,351
Total other expenses	2,634,626	1,441,142	28,488,130	32,563,898
Earnings before income taxes	14,654,972	25,299,501	(28,371,041)	11,583,432
Income tax expense	3,809,787	6,830,865	(7,408,947)	3,231,705
Net earnings for the period	$ 10,845,185	$ 18,468,636	$ (20,962,094)	$ 8,351,727

25. SEGMENTED INFORMATION – continued

Operating segments - continued

	Six Months Ended June 30, 2022			
	Cemetery	Funeral Home	Corporate	Total
Revenue				
Sales	$ 65,907,514	$ 86,645,503	$ -	$ 152,553,017
Income from care and maintenance funds	4,451,956	41,143	-	4,493,099
Interest and other income	1,436,244	356,579	255,883	2,048,706
Total revenue	71,795,714	87,043,225	255,883	159,094,822
Operating expenses				
Cost of sales	14,639,768	12,000,083	-	26,639,851
General and administrative	21,040,392	44,006,659	-	65,047,051
Maintenance	10,929,036	2,493,380	-	13,422,416
Advertising and selling	10,009,189	4,429,428	-	14,438,617
Total operating expenses	56,618,385	62,929,550	-	119,547,935
Gross profit	15,177,329	24,113,675	255,883	39,546,887
Other expenses				
Corporate general and administrative	-	-	11,678,674	11,678,674
Amortization of intangibles	12,129	622,656	66,788	701,573
Finance costs	86,388	319,474	2,875,518	3,281,380
Share-based incentive compensation	-	-	2,685,243	2,685,243
Acquisition and integration costs	-	197,819	2,558,497	2,756,316
Other (income) expenses	(1,861,230)	23,212	310,517	(1,527,501)
Total other expenses	(1,762,713)	1,163,161	20,175,237	19,575,685
Earnings before income taxes	16,940,042	22,950,514	(19,919,354)	19,971,202
Income tax expense	4,573,811	6,196,639	(5,309,152)	5,461,298
Net earnings for the period	$ 12,366,231	$ 16,753,875	$ (14,610,202)	$ 14,509,904

26. SUBSEQUENT EVENTS

On July 17, 2023, PLC acquired substantially all the assets of Ward Funeral Home Limited in Brampton, Woodbridge and Toronto, Ontario, expanding PLC's geographic presence in the Greater Toronto Area through the addition of three stand-alone funeral homes.

On August 8, 2023, PLC acquired substantially all the assets of M.W. Becker Funeral Home, Ltd., a standalone funeral home business in Keswick, Ontario further deepening PLC's presence in Ontario.

27. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the June 30, 2023, consolidated statements of earnings.

PARK LAWN CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Quarter Ending June 30, 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 and six month period ended June 30, 2023. This discussion should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and accompanying notes for the three and six month period ended June 30, 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 August 10, 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.sedarplus.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.

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: pandemic, epidemic and other public health risks, and the adverse effects from the measures implemented or to be implemented as a result thereof; political conflict, including from the economic sanctions imposed or to be imposed as a result thereof; 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.sedarplus.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 issuances 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. 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 and six month period ended June 30, 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 June 30, 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 June 30, 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 and six month period ended June 30, 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 and six months ended June 30, 2023, and 2022, and for the twelve months ended December 31, 2022.

CAD/USD Exchange Rate	Three months ended,		Six months ended,		Year ended
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	December 31, 2022
Closing rate at the reporting date	0.7548	0.7768	0.7548	0.7768	0.7383
Average rate for the period	0.7449	0.7832	0.7422	0.7864	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 operating 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 operating 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 June 30, 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 June 30, 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 143 stand-alone funeral homes and 36 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; political 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 and six month period ended June 30, 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 June 30, 2023, and the relevant comparable periods:

	June 30, 2023	December 31, 2022	December 31, 2021
Cash	$ 31,327,585	$ 30,277,742	$ 20,785,798
Total Assets	$ 1,540,837,460	$ 1,477,308,326	$ 1,406,098,186
Total Non-Current Liabilities	$ 930,948,439	$ 860,343,134	$ 822,451,858
Total Debt (1)	$ 275,194,744	$ 245,852,290	$ 171,504,908
Total Shareholder's Equity	$ 559,146,376	$ 551,595,990	$ 540,033,450
Number of Shares Issued and Outstanding	34,092,857	33,939,153	33,930,209
Quarterly Dividend Paid per Share (CAD)	$ 0.114	$ 0.114	$ 0.114
Leverage Ratio	2.16x	1.83x	0.98x
Interest Coverage Ratio	9.73x	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 six month period ended June 30, 2023 (being an aggregate of $272,331,776 plus associated deferred financing costs of $1,237,238 and debt issuance costs of $1,625,730) 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 Q2 2023 compared with Q2 2022:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	Increase(decrease)	2023	2022	Increase(decrease)
Revenue	$ 85,275,555	$ 75,921,525	$ 9,354,030	$ 172,011,059	$ 159,094,822	$ 12,916,237
Gross profit	$ 21,043,308	$ 16,813,765	$ 4,229,543	$ 44,147,330	$ 39,546,887	$ 4,600,443
Net Earnings for the period	$ 3,775,581	$ 5,807,886	$ (2,032,305)	$ 8,351,727	$ 14,509,904	$ (6,158,177)
Adjusted Net Earnings	$ 7,696,906	$ 6,624,310	$ 1,072,596	$ 16,312,237	$ 17,801,172	$ (1,488,935)
Adjusted EBITDA	$ 18,829,730	$ 15,605,747	$ 3,223,983	$ 39,371,120	$ 37,020,820	$ 2,350,300
Adjusted Field EBITDA	$ 25,858,672	$ 21,112,238	$ 4,746,434	$ 53,784,465	$ 48,329,345	$ 5,455,120
Gross profit margin	24.7%	22.1%	260 bps	25.7%	24.9%	80 bps
Adjusted EBITDA Margin	22.1%	20.6%	150 bps	22.9%	23.3%	(40) bps
Adjusted Field EBITDA Margin	30.3%	27.8%	250 bps	31.3%	30.4%	90 bps
Net Earnings Per Share - Basic	$ 0.110	$ 0.170	$ (0.060)	$ 0.243	$ 0.424	$ (0.181)
Net Earnings Per Share - Diluted	$ 0.109	$ 0.167	$ (0.058)	$ 0.241	$ 0.417	$ (0.176)
Adjusted Net Earnings Per Share - Basic	$ 0.224	$ 0.194	$ 0.030	$ 0.475	$ 0.521	$ (0.045)
Adjusted Net Earnings Per Share - Diluted	$ 0.222	$ 0.190	$ 0.032	$ 0.471	$ 0.511	$ (0.040)
Adjusted EBITDA Per Share - Basic	$ 0.548	$ 0.456	$ 0.091	$ 1.147	$ 1.083	$ 0.064
Adjusted EBITDA Per Share - Diluted	$ 0.543	$ 0.448	$ 0.095	$ 1.136	$ 1.064	$ 0.072
Weighted Average Number of Common Shares						
Basic	34,390,430	34,216,943	173,487	34,319,997	34,183,665	136,332
Diluted	34,700,648	34,863,288	(162,640)	34,660,457	34,806,950	(146,493)

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

Second Quarter Summary

The following points summarize PLC's financial and operational highlights from Q2 2023:

- For the three month period ended June 30, 2023, revenue increased by 12.3% to $85,275,555 compared to the three month period ended June 30, 2022. Revenue increased primarily due to Acquired Operations.
- Gross profit increased by 25.2% to $21,043,308 compared to the three month period ended June 30, 2022, due primarily to Acquired Operations.
- Gross profit margin increased by 260 bps primarily due to improved operating performance from the Company's Comparable Funeral Operations.
- Net earnings for the period decreased by 35.0% to $3,775,581 for the three month period ended June 30, 2023, compared to $5,807,886 for the three month period ended June 30, 2022 due to increases in non-operating expenses year-over-year. Net earnings margin for the three month period ended June 30, 2023, was 4.4% compared to 7.6% for the three month period ended June 30, 2022.
- Diluted net earnings per Common Share decreased by $0.058 or 34.7% for the three month period ended June 30, 2023, compared to the three month period ended June 30, 2022.
- Diluted Adjusted Net Earnings per Common Share increased by $0.032 or 16.8% for the three month period ended June 30, 2023, compared to the three month period ended June 30, 2022.
- Adjusted EBITDA increased by 20.7% to $18,829,730 for the three month period ended June 30, 2023, compared to the three month period ended June 30, 2022.
- Adjusted EBITDA margin for the three month period ended June 30, 2023, was 22.1%, a 150 bps increase over the comparable period in 2022.
- As at June 30, 2023, the Company's Leverage Ratio was 2.16x, and inclusive of the Company's outstanding debentures was 2.94x.
- The Company's Interest Coverage Ratio decreased by 25.61x from June 30, 2022, to 9.73x on June 30, 2023, and inclusive of interest from the Company's outstanding debentures, totaled 6.79x as of June 30, 2023.
- On June 30, 2023, the Company had $187,041,085 outstanding on the Credit Facility including letters of credit, and an undrawn balance of $112,958,915.
- 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 full integration of the transaction, the Speaks acquisition is expected to add $2,247,759 in Adjusted EBITDA annually.
  - The Speaks acquisition was financed with funds from PLC's credit facility and available cash on hand.
  - 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.

- 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 number 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.

- On May 1, 2023, the Company sold a non-strategic cemetery business in the state of New York for a nominal amount, incurring a loss on disposition of $2,579,491.
- On June 26, 2023, PLC acquired substantially all the assets of Cobb Funeral Chapel and Cobb Suncrest Memorial Gardens (collectively, "**Cobb**") located in Moultrie, Georgia with funds from its Credit Facility and available cash on hand.

  Highlights of the Cobb transaction include:
    - The addition of one on-site funeral home and cemetery.
    - Combined volumes of 280 calls and 50 interments per year.
    - Following the full integration of the transaction, the Cobb acquisition is expected to add $676,710 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

On July 17, 2023, PLC acquired substantially all the assets of Ward Funeral Home Limited in Brampton, Woodbridge and Toronto, Ontario (collectively, "**Ward**") with funds from its Credit Facility and available cash on hand, expanding PLC's geographic presence in the Greater Toronto Area through the addition of three stand-alone funeral homes.

Highlights of the Ward transaction include:

- The addition of three stand-alone funeral homes.
- Combined volumes of 1,218 calls per year.
- Following the full integration of the transaction, the Ward acquisition is expected to add $1,800,000 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.

On August 8, 2023, PLC acquired substantially all the assets of M.W. Becker Funeral Home, Ltd. ("**MWB**") a standalone funeral home business in Keswick, Ontario with funds from its Credit Facility and available cash on hand, further deepening PLC's presence in Ontario.

Highlights of the MWB transaction include:

- The addition of one standalone funeral home.
- 162 calls per year.
- Following full integration of the transaction, MWB is expected to add CAD$375,970 in Adjusted EBITDA annually.
- The agreed upon purchase price multiple is within PLC's publicly-stated targeted EBITDA multiple range for transactions of this nature.

Discussion of Operating Results

Three Month Period ended June 30, 2023

Revenue

Revenue for the three month period ended June 30, 2023, was $85,275,555 compared to $75,921,525 in the same period in 2022. This represents an increase of $9,354,030 or 12.3%, 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 June 30, 2023, and 2022 are as follows:

	June 30, 2023	June 30, 2022
Sales	$ 81,461,454	$ 72,703,441
Income from care and maintenance funds	2,548,661	2,151,617
Interest and other income	1,265,440	1,066,467
Total revenue	$ 85,275,555	$ 75,921,525

Revenue increased by 12.3% primarily as a result of Acquired Operations while revenue from Comparable Operations was flat year-over-year. Revenue from Comparable Operations increased due to a 5.3% increase in average revenue per call, however, this was offset by a reduction in both at-need and pre-need cemetery sales as mortality decreased year-over-year and the timing of merchandise deliveries fluctuated with supply chain issues during 2022. Sales from Comparable Cemetery Operations decreased by $1,819,223 due to a decline in property sales by $242,080 and a decrease in merchandise, services, and other revenue of $1,577,143.

Income from the Company's care and maintenance trust funds (the "**Care and Maintenance Trust Funds**") for the three month period ended June 30, 2023, was $2,548,661 compared to $2,151,617 in the same period of 2022, which represents an increase of $397,044 or 18.5%. The increase in income from the care and maintenance trust funds was primarily driven by improved market conditions, the re-allocation of certain trust assets, and income from trust funds obtained from Acquired Operations. Income from the Company's Care and Maintenance Trust Funds may vary based on market returns, timing of capital gains and other distributions.

Interest and other income for the three month period ended June 30, 2023, was $1,265,440 compared to $1,066,467 for the same period in 2022, which represents an increase of $198,973 or 18.7% primarily related to imputed interest made on large group cemetery sales during the third and fourth quarters of 2022.

Operating Expenses

Operating expenses for the three month period ended June 30, 2023, were $64,232,247 compared to $59,107,760 in the same period in 2022. This represents an increase of $5,124,487 or 8.7% over the same period in 2022, as indicated below:

	June 30, 2023	June 30, 2022
Cost of sales	$ 14,229,538	$ 12,829,350
General and administrative	35,185,771	31,082,045
Maintenance	7,452,811	7,232,011
Advertising and selling	7,364,127	7,964,354
	$ 64,232,247	$ 59,107,760

Cost of sales for the three month period ended June 30, 2023, was $14,229,538 compared to $12,829,350 in the same period in 2022. This represents an increase of $1,400,188 or 10.9% over the same period in 2022. The increase was primarily a result of Acquired Operations which increased the cost of sales by $1,318,792. Other factors impacting cost of sales were inflationary pressures and a decrease in call volumes year-over-year.

General and administrative expenses increased by $4,103,726. The increase from Acquired Operations is $4,998,735 offset by decreases from Comparable Operations of $895,009. Decreases in general and administrative costs primarily relate to decreases in field labour costs, such as incentive compensation, and health insurance premiums as the Company initiated a self-insured health insurance program in 2022 and actual claims were less than expected. Additional decreases were a result of inflationary costs improving year-over-year such as utilities and vehicle expenses, and other expenses such as supplies and bad debt expense.

Maintenance expenses increased by $220,800 or 3.1%. The increase from Acquired Operations was $510,487, offset by a decrease in Comparable Operations of $289,687. The decrease from Comparable Operations is primarily due to a decrease in maintenance costs, including landscaping, supplies, and repair costs.

Advertising and selling expenses decreased by $600,227 or 7.5%. Advertising and selling expenses decreased at Comparable Operations by $999,641 offset by an increase of $399,414 in advertising and selling expenses from Acquired Operations. The decrease from Comparable Operations is due primarily to reduced incentive compensation costs and awards and commissions resulting from decreased cemetery sales.

Gross profit

As a result of the above changes in revenue and operating expenses, gross profit for the three month period ended June 30, 2023, was $21,043,308 compared to $16,813,765 in the same period in 2022. This represents an increase of $4,229,543 or 25.2%, over the same period in 2022. Gross profit margin was 24.7% in the second quarter of 2023 compared to 22.1% in the same period in 2022, an increase of 260 bps.

Other Expenses

Other expenses for the three month period ended June 30, 2023, were $16,517,565 compared to $8,832,613 in the same period in 2022. This represents an increase of $7,684,952 or 87.0% over the same period in 2022, as indicated below:

	June 30, 2023	June 30, 2022
Corporate general and administrative	$ 7,224,747	$ 5,753,090
Amortization of intangibles	356,939	319,030
Finance costs	4,202,416	1,721,942
Fair value adjustment on interest rate swaps	(2,064,453)	-
Share-based incentive compensation	2,068,750	1,220,065
Acquisition and integration costs	1,748,272	1,642,477
Other (income) expenses	2,980,894	(1,823,991)
	$ 16,517,565	$ 8,832,613

Corporate general and administrative expenses for the three month period ended June 30, 2023, were $7,224,747 compared to $5,753,090 in the same period in 2022. This represents an increase of $1,471,657 or 25.6% over the same period in 2022, primarily due to an increase in labour fees, including contract labour, placement fees, and consulting fees. Other increases relate to IT systems support and are primarily associated with third party costs related to the training, data conversion, and continued enhancement of FaCTS, and other general and administrative costs such as legal fees, insurance deductibles, and audit and tax services.

Finance costs increased by $2,480,474 or 144.1% as a result of $96.6M 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 hedging activities relating to the Company's Credit Facility, was 5.9% on June 30, 2023, compared to 5.2% on December 31, 2022, and compared to 1.9% on June 30, 2022.

During the first quarter of 2023, the Company, through one of its subsidiaries, entered into certain hedging arrangements relating to interest rate swaps 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 on February 27, 2026, March 3, 2026, and April 3, 2025, respectively. The fair value adjustment on the three interest rate swaps was $2,064,453 for the three month period ended June 30, 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 June 30, 2023, were $2,068,750 compared to $1,220,065 for the same period in 2022, which represents an increase of $848,685. 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 increase for the three month period ended June 30, 2023 is primarily due to certain PSU awards that vested to designated participants in 2023.

During the three month period ended June 30, 2023, and 2022, the Company incurred acquisition and integration expenses of $1,748,272 and $1,642,477, 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) is comprised of the following:

- $409,454 and $33,059 of expenses for the three month period ended June 30, 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.
- Net gain of $8,051 and $1,857,050 for the three month period ended June 30, 2023, and 2022, respectively, related to the disposition of land and miscellaneous property.
- Loss on disposition of $2,579,491 from the sale of the Company's non-strategic cemetery business in the state of New York on May 1, 2023.

Net Earnings

Earnings before income taxes for the three month period ended June 30, 2023, were $4,525,743 compared to $7,981,152 in the same period in 2022. This represents a decrease of $3,455,409 or 43.3% over the same period in 2022.

Income tax expense for the three month period ended June 30, 2023, was $750,162 compared to $2,173,266 for the same period in 2022. The effective tax rate for the three month period ended June 30, 2023, was 16.6%, which is lower than the Company's statutory tax rates, as a result of certain permanent differences in operating and other expenses that are not deductible expenses or recoveries for tax purposes, offset by non-taxable dividend income. The effective tax rate for the three month period ended June 30, 2023, was affected by the non-taxable fair value adjustment on interest rate swaps of $2,064,453, 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 June 30, 2023, is 30.5%, compared to 27.2% in the comparable period.

As a result of the above, the Company's net earnings for the three month period ended June 30, 2023, totaled $3,775,581 compared to $5,807,886 for the same period in 2022, which represents a decrease of $2,032,305 or 35.0% 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 June 30, 2023, decreased to 34,700,648 compared to 34,863,288 for the same period in 2022, a decrease of 162,640 or 0.5%. 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**") and a decrease in the dilutive impact of Options, offset by the issuance of Common Shares pursuant to the Company's dividend reinvestment plan ("**DRIP**") and an increase in awards that vested and were awarded pursuant to the EIP.

Fully diluted earnings per Common Share for the three month period ended June 30, 2023, were $0.109 compared to $0.167 for the same period in 2022.

Adjusted Net Earnings

Net earnings for the three month period ended June 30, 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 June 30, 2023, and 2022 to the Company's net earnings:

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022
Net Earnings	$ 3,775,581	$ 5,807,886
Adjusted for the impact of:		
Amortization of intangible assets	356,939	319,030
Fair value adjustment on interest rate swaps	(2,064,453)	-
Share based compensation	2,068,750	1,220,065
Acquisition and integration costs	1,748,272	1,642,477
Other (income) expenses	2,980,894	(1,823,991)
Tax effect on the above items	(1,169,077)	(541,157)
Adjusted Net Earnings	$ 7,696,906	$ 6,624,310
Adjusted Net Earnings - per share		
Basic	$ 0.224	$ 0.194
Diluted	$ 0.222	$ 0.190
Weighted Average Shares		
Basic	34,390,430	34,216,943
Diluted	34,700,648	34,863,288

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

Adjusted Net Earnings for the three month period ended June 30, 2023, was $7,696,906 and $0.222 per share, diluted, compared to $6,624,310 and $0.190 per share, diluted, for the same period in 2022. This represents an increase of 16.2% in the Adjusted Net Earnings and 16.8% 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 June 30, 2023, and 2022 to earnings before income taxes:

	Three Months Ended June 30,	
	2023	**2022**
Earnings before income taxes	$ 4,525,743	$ 7,981,152
Adjusted for the impact of:		
Finance costs	4,202,416	1,721,942
Depreciation and amortization	3,971,186	3,203,516
Amortization of cemetery property	1,396,922	1,660,586
EBITDA	14,096,267	14,567,196
Fair value adjustment on interest rate swaps	(2,064,453)	-
Share based compensation	2,068,750	1,220,065
Acquisition and integration costs	1,748,272	1,642,477
Other (income) expenses	2,980,894	(1,823,991)
Adjusted EBITDA	$ 18,829,730	$ 15,605,747
EBITDA - per share		
Basic	$ 0.410	$ 0.426
Diluted	$ 0.406	$ 0.418
Adjusted EBITDA - per share		
Basic	$ 0.548	$ 0.456
Diluted	$ 0.543	$ 0.448
Weighted Average Shares Outstanding		
Basic	34,390,430	34,216,943
Diluted	34,700,648	34,863,288

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

EBITDA for the three month period ended June 30, 2023, was $14,096,267 and $0.406 per share, diluted, compared to $14,567,196 and $0.418 per share, diluted, for the same period in 2022. This represents a decrease of $470,929 or 3.2% in the EBITDA and decrease of $0.012 or 2.8% in the EBITDA per share over the same three month period in 2022.

The EBITDA profit margin for the three month period ended June 30, 2023, was 16.5% compared to 19.2% for the same period in 2022, representing a 270 bps decrease.

Adjusted EBITDA for the three month period ended June 30, 2023, was $18,829,730 and $0.543 per share, diluted, compared to $15,605,747 and $0.448 per share, diluted, for the same period in 2022. This represents an increase of $3,223,983 or 20.7% in the Adjusted EBITDA and $0.095 or 21.2% 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 June 30, 2023, was 22.1% compared to 20.6% for the same period in 2022, representing a 150 bps increase.

Six Month Period ended June 30, 2023

Revenue

Revenue for the six month period ended June 30, 2023, was $172,011,059 compared to $159,094,822 in the same period in 2022. This represents an increase of $12,916,237 or 8.1%, 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 six month period ended June 30, 2023, and 2022 are as follows:

	June 30, 2023	June 30, 2022
Sales	$ 164,432,700	$ 152,553,017
Income from care and maintenance funds	5,247,506	4,493,099
Interest and other income	2,330,853	2,048,706
Total revenue	$ 172,011,059	$ 159,094,822

Revenue increased 11.0% from Acquired Operations and was offset by a decrease in Comparable Operations of 2.9%, primarily due to a 6.6% decline in call volumes at the Company's Comparable Funeral Operations, offset in-part by a 2.9% increase in average revenue per call. Sales from Comparable Cemetery Operations decreased by $2,646,651, primarily due to the declining mortality rates and the delivery of a mausoleum in the Company's Midwest Region in the first quarter of 2022, resulting in a decline in property sales by $1,586,078 and a decrease in revenue from merchandise, services, and other revenue of $1,060,572.

The decrease in call volume from Comparable Funeral Operations 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 primarily due to price adjustments made over the past year to help offset inflationary pressures.

Income from the Company's care and maintenance trust funds (the "**Care and Maintenance Trust Funds**") for the six month period ended June 30, 2023, was $5,247,506 compared to $4,493,099 in the same period of 2022, which represents an increase of $754,407 or 16.8%. The increase in income from the care and maintenance trust funds was primarily driven by improved market conditions, the re-allocation of certain trust assets, and income from trust funds obtained from Acquired Operations. Income from the Company's Care and Maintenance Trust Funds may vary based on market returns, timing of capital gains and other distributions.

Interest and other income for the six month period ended June 30, 2023, was $2,330,853 compared to $2,048,706 in the same period in 2022, which represents an increase of $282,147, or 13.8%, primarily related to imputed interest made on large group cemetery sales during the third and fourth quarters of 2022.

Operating Expenses

Operating expenses for the six month period ended June 30, 2023, were $127,863,729 compared to $119,547,935 in the same period in 2022. This represents an increase of $8,315,794 or 7.0% over the same period in 2022, as indicated below:

	June 30, 2023	June 30, 2022
Cost of sales	$ 29,300,503	$ 26,639,851
General and administrative	70,980,113	65,047,051
Maintenance	13,149,961	13,422,416
Advertising and selling	14,433,152	14,438,617
	$ 127,863,729	$ 119,547,935

Cost of sales for the six month period ended June 30, 2023, was $29,300,503 compared to $26,639,851 in the same period in 2022. This represents an increase of $2,660,652 or 10.0% over the same period in 2022. The increase was primarily a result of Acquired Operations which increased the cost of sales by $2,786,584. Cost of sales was also impacted by a decrease in call volumes year-over-year as well as inflationary pressures.

General and administrative expenses increased by $5,933,062. The increase from Acquired Operations is $9,682,222 offset by decreases from Comparable Operations of $3,749,160. Decreases in general and administrative costs from Comparable Operations relate primarily to decreases in field labour costs, such as incentive compensation, and health benefit premiums as the Company initiated a self-insured health benefits program in 2022 and actual claims were less than expected. Additional decreases were a result of inflationary costs improving year-over-year such as utilities and vehicle expenses, and other expenses such as supplies and bad debt expense.

Maintenance expenses decreased by $272,455 or 2.0%. The increase from Acquired Operations was $868,953, offset by a decrease from Comparable Operations of $1,141,408. The decrease from Comparable Operations is primarily due to a decrease in labour and maintenance costs, including landscaping, supplies, and repair costs, as well as an insurance refund of $151,337.

Advertising and selling expenses decreased by $5,465. Advertising and selling expenses decreased at Comparable Operations by $610,742 offset by an increase of $605,277 in advertising and selling expenses from Acquired Operations. The decrease from Comparable Operations is primarily due to reduced commissions, incentives and awards resulting from decreased cemetery sales.

Gross profit

As a result of the above changes in revenue and operating expenses, gross profit for the six month period ended June 30, 2023, was $44,147,330 compared to $39,546,887 in the same period in 2022. This represents an increase of $4,600,443 or 11.6%, over the same period in 2022. Gross profit margin was 25.7% for the six month period ended June 30, 2023 compared to 24.9% in the same period in 2022, an increase of 80 bps.

Other Expenses

Other expenses for the six month period ended June 30, 2023, were $32,563,898 compared to $19,575,685 in the same period in 2022. This represents an increase of $12,988,213 or 66.3% over the same period in 2022, as indicated below:

		June 30, 2023		June 30, 2022
Corporate general and administrative	$	14,823,330	$	11,678,674
Amortization of intangibles		681,260		701,573
Finance costs		7,811,228		3,281,380
Fair value adjustment on interest rate swaps		(463,663)		-
Share-based incentive compensation		3,169,838		2,685,243
Acquisition and integration costs		3,541,554		2,756,316
Other (income) expenses		3,000,351		(1,527,501)
	$	32,563,898	$	19,575,685

Corporate general and administrative expenses for the six month period ended June 30, 2023, were $14,823,330 compared to $11,678,674 in the same period in 2022. This represents an increase of $3,144,656 or 26.9% over the same period in 2022, due to increases in labour fees, including contract labour and incentive accruals associated with the Company's growth profile, and IT systems support costs, primarily associated with third party costs related to the training, data conversion, and continued enhancement of FaCTS, and other general and administrative costs such as legal, consulting, audit and tax advisory fees.

Finance costs increased by $4,529,848 or 138.0% as a result of $96.6M 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 5.9% on June 30, 2023, compared to 5.2% on December 31, 2022, and compared to 1.9% on June 30, 2022.

As previously mentioned, during the first quarter of 2023, the Company, through one of its subsidiaries, entered into certain interest rate swaps 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 on February 27, 2026, March 3, 2026, and April 3, 2025, respectively. The fair value adjustment on the three interest rate swaps was $463,663 for the six month period ended June 30, 2023, compared to $nil in the comparative period.

Compensation expenses associated with awards granted under the EIP for the six month period ended June 30, 2023, were $3,169,838 compared to $2,685,243 for the same period in 2022, which represents an increase of $484,595. 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 increase for the six month period ended June 30, 2023 is primarily due to certain PSU awards which vested to designated participants, offset primarily by a decrease in compensation expense from certain Options that fully vested in 2022.

During the six month period ended June 30, 2023, and 2022, the Company incurred acquisition and integration expenses of $3,541,554 and $2,756,316, 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) is comprised of the following:

- $465,988 and $156,545 of expenses for the six month period ended June 30, 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.
- Net gain of $45,128 and net gain of $1,838,018 for the six month period ended June 30, 2023, and 2022, respectively, related to the disposition of land and miscellaneous property.
- Loss on disposition of $2,579,491 from the sale of the Company's non-strategic cemetery business in the state of New York on May 1, 2023.
- An impairment of $153,972 on other assets for the six month period ended June 30, 2022.

Net Earnings

Earnings before income taxes for the six month period ended June 30, 2023, were $11,583,432 compared to $19,971,202 in the same period in 2022. This represents a decrease of $8,387,770 or 42.0% over the same period in 2022.

Income tax expense for the six month period ended June 30, 2023, was $3,231,705 compared to $5,461,298 for the same period in 2022. The effective tax rate for the six month period ended June 30, 2023, was 27.9% which is higher than the Company's statutory tax rates. As previously mentioned, the effective tax rate will vary as a result of certain permanent differences in operating and other expenses that are not deductible expenses or recoveries for tax purposes, offset by non-taxable dividend income.

As a result of the above, the Company's net earnings for the six month period ended June 30, 2023, totaled $8,351,727 compared to $14,509,904 for the same period in 2022, which represents a decrease of $6,158,177 or 42.4% over the same period in 2022.

Net Earnings Per Share

The weighted average diluted number of Common Shares outstanding for the six month period ended June 30, 2023, decreased to 34,660,457 compared to 34,806,950 for the same period in 2022, a decrease of 146,493 or 0.4%. The decrease in outstanding Common Shares is due to the 200,985 Common Shares repurchased by the Company pursuant to the NCIB and a decrease due to the dilutive impact of Options, offset by the issuance of Common Shares pursuant to the DRIP and an increase in awards that have vested and were awarded pursuant to the EIP.

Fully diluted earnings per Common Share for the six month period ended June 30, 2023, were $0.241 compared to $0.417 for the same period in 2022.

Adjusted Net Earnings

Net earnings for the six month period ended June 30, 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 six month period ended June 30, 2023, and 2022 to the Company's net earnings:

	Six Months Ended June 30,	
	2023	2022
Net Earnings	$ 8,351,727	$ 14,509,904
Adjusted for the impact of:		
Amortization of intangible assets	681,260	701,573
Fair value adjustment on interest rate swaps	(463,663)	-
Share based compensation	3,169,838	2,685,243
Acquisition and integration costs	3,541,554	2,756,316
Other (income) expenses	3,000,351	(1,527,501)
Tax effect on the above items	(1,968,830)	(1,324,363)
Adjusted Net Earnings	$ 16,312,237	$ 17,801,172
Adjusted Net Earnings - per share		
Basic	$ 0.475	$ 0.521
Diluted	$ 0.471	$ 0.511
Weighted Average Shares		
Basic	34,319,997	34,183,665
Diluted	34,660,457	34,806,950

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

Adjusted Net Earnings for the six month period ended June 30, 2023, was $16,312,237 and $0.471 per share, diluted, compared to $17,801,172 and $0.511 per share, diluted, for the same period in 2022. This represents a decrease of 8.4% in the Adjusted Net Earnings and 7.8% in the Adjusted Net Earnings per share over the same six month period in 2022.

EBITDA and Adjusted EBITDA

The table below reconciles EBITDA and Adjusted EBITDA for the six month period ended June 30, 2023, and 2022 to earnings before income taxes:

	Six Months Ended June 30,			
	2023		2022	
Earnings before income taxes	$	11,583,432	$	19,971,202
Adjusted for the impact of:				
Finance costs		7,811,228		3,281,380
Depreciation and amortization		7,745,300		6,428,627
Amortization of cemetery property		2,983,080		3,425,553
EBITDA		30,123,040		33,106,762
Fair value adjustment on interest rate swaps		(463,663)		-
Share based compensation		3,169,838		2,685,243
Acquisition and integration costs		3,541,554		2,756,316
Other (income) expenses		3,000,351		(1,527,501)
Adjusted EBITDA	$	39,371,120	$	37,020,820
EBITDA - per share				
Basic	$	0.878	$	0.968
Diluted	$	0.869	$	0.951
Adjusted EBITDA - per share				
Basic	$	1.147	$	1.083
Diluted	$	1.136	$	1.064
Weighted Average Shares Outstanding				
Basic		34,319,997		34,183,665
Diluted		34,660,457		34,806,950

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

EBITDA for the six month period ended June 30, 2023, was $30,123,040 and $0.869 per share, diluted, compared to $33,106,762 and $0.951 per share, diluted, for the same period in 2022. This represents a decrease of $2,983,722 or 9.0% in the EBITDA and $0.082 or 8.6% in the EBITDA per share over the same six month period in 2022.

The EBITDA profit margin for the six month period ended June 30, 2023, was 17.5% compared to 20.8% for the same period in 2022, representing a 330 bps decrease.

Adjusted EBITDA for the six month period ended June 30, 2023, was $39,371,120 and $1.136 per share, diluted, compared to $37,020,820 and $1.064 per share, diluted, for the same period in 2022. This represents an increase of $2,350,300 or 6.3% in the Adjusted EBITDA and $0.072 or 6.8% in the Adjusted EBITDA per share over the same six month period in 2022.

The Adjusted EBITDA profit margin for the six month period ended June 30, 2023, was 22.9% compared to 23.3% for the same period in 2022, representing a 40 bps decrease.

Geographic Information

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

	June 30, 2023	December 31, 2022
Canada	$ 175,014,846	$ 171,249,043
United States	1,365,822,614	1,306,059,283
Total	$ 1,540,837,460	$ 1,477,308,326

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

	June 30, 2023	December 31, 2022
Canada	$ 175,329,852	$ 172,678,576
United States	806,361,232	753,033,760
Total	$ 981,691,084	$ 925,712,336

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

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Revenue:				
Sales:				
Canada	$ 6,851,327	$ 7,012,593	$ 14,061,603	$ 14,148,649
United States	74,610,127	65,690,848	150,371,097	138,404,368
Total sales	81,461,454	72,703,441	164,432,700	152,553,017
Income from care and maintenance funds:				
Canada	963,792	980,352	1,955,274	1,892,511
United States	1,584,869	1,171,265	3,292,232	2,600,588
Total income from care and maintenance funds	2,548,661	2,151,617	5,247,506	4,493,099
Interest and other income:				
Canada	95,875	90,180	189,320	171,340
United States	1,169,565	976,287	2,141,533	1,877,366
Total interest and other income	1,265,440	1,066,467	2,330,853	2,048,706
Total revenue:				
Canada	7,910,994	8,083,125	16,206,197	16,212,500
United States	77,364,561	67,838,400	155,804,862	142,882,322
Total revenue	$ 85,275,555	$ 75,921,525	$ 172,011,059	$ 159,094,822
Total net earnings/loss:				
Canada[(1)]	(3,028,233)	(1,179,854)	(5,265,450)	(2,592,298)
United States	6,803,814	6,987,740	13,617,177	17,102,202
Total net earnings/loss	$ 3,775,581	$ 5,807,886	$ 8,351,727	$ 14,509,904

[(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 tables below reconcile Net Earnings for the three and six month period ended June 30, 2023, and 2022 to the EBITDA, Adjusted EBITDA, and Adjusted Field EBITDA:

	Three Months Ended June 30, 2023			
	Cemetery	Funeral Home	Corporate	Total
Revenue				
Sales	$ 32,245,199	$ 49,216,255	$ -	$ 81,461,454
Income from care and maintenance funds	2,548,661	-	-	2,548,661
Interest and other income	948,610	270,628	46,202	1,265,440
Total revenue	35,742,470	49,486,883	46,202	85,275,555
Operating expenses				
Cost of sales	7,958,621	6,270,917	-	14,229,538
General and administrative	9,808,837	25,376,934	-	35,185,771
Maintenance	5,873,718	1,579,093	-	7,452,811
Advertising and selling	4,472,119	2,892,008	-	7,364,127
Total operating expenses	28,113,295	36,118,952	-	64,232,247
Gross profit	7,629,175	13,367,931	46,202	21,043,308
Other expenses				
Corporate general and administrative	-	-	7,224,747	7,224,747
Amortization of intangibles	15,550	315,148	26,241	356,939
Finance costs	18,058	175,638	4,008,720	4,202,416
Fair value adjustment on interest rate swaps	-	-	(2,064,453)	(2,064,453)
Share-based incentive compensation	-	-	2,068,750	2,068,750
Acquisition and integration costs	19,033	305,060	1,424,179	1,748,272
Other (income) expenses	2,579,490	(8,051)	409,455	2,980,894
Total other expenses	2,632,131	787,795	13,097,639	16,517,565
Earnings before income taxes	4,997,044	12,580,136	(13,051,437)	4,525,743
Income tax expense	1,049,169	3,396,637	(3,695,644)	750,162
Net earnings for the period	$ 3,947,875	$ 9,183,499	$ (9,355,793)	$ 3,775,581

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 June 30, 2023			
	Cemetery	Funeral Home	Corporate	Total
Earnings before income taxes	$ 4,997,044	$ 12,580,136	$ (13,051,437)	$ 4,525,743
Adjusted for the impact of:				
Finance Costs	18,058	175,638	4,008,720	4,202,416
Depreciation and amortization	891,943	2,903,400	175,843	3,971,186
Amortization of cemetery property	1,384,097	12,825	-	1,396,922
EBITDA	7,291,142	15,671,999	(8,866,874)	14,096,267
Fair value adjustment on interest rate swaps	-	-	(2,064,453)	(2,064,453)
Share based compensation	-	-	2,068,750	2,068,750
Acquisition and integration costs	19,033	305,060	1,424,179	1,748,272
Other (income) expenses	2,579,490	(8,051)	409,455	2,980,894
Adjusted EBITDA	$ 9,889,665	$ 15,969,008	$ (7,028,943)	$ 18,829,730

	Three Months Ended June 30, 2022			
	Cemetery	Funeral Home	Corporate	Total
Revenue				
Sales	$ 33,246,800	$ 39,456,641	$ -	$ 72,703,441
Income from care and maintenance funds	2,125,109	26,508	-	2,151,617
Interest and other income	713,434	174,065	178,968	1,066,467
Total revenue	36,085,343	39,657,214	178,968	75,921,525
Operating expenses				
Cost of sales	7,544,133	5,285,217	-	12,829,350
General and administrative	10,167,444	20,914,601	-	31,082,045
Maintenance	5,982,137	1,249,874	-	7,232,011
Advertising and selling	5,651,038	2,313,316	-	7,964,354
Total operating expenses	29,344,752	29,763,008	-	59,107,760
Gross profit	6,740,591	9,894,206	178,968	16,813,765
Other expenses				
Corporate general and administrative	-	-	5,753,090	5,753,090
Amortization of intangibles	1,843	283,793	33,394	319,030
Finance costs	35,361	165,259	1,521,322	1,721,942
Share-based incentive compensation	-	-	1,220,065	1,220,065
Acquisition and integration costs	-	197,346	1,445,131	1,642,477
Other (income) expenses	(1,861,230)	4,180	33,059	(1,823,991)
Total other expenses	(1,824,026)	650,578	10,006,061	8,832,613
Earnings before income taxes	8,564,617	9,243,628	(9,827,093)	7,981,152
Income tax expense	2,312,447	2,495,779	(2,634,960)	2,173,266
Net earnings for the period	$ 6,252,170	$ 6,747,849	$ (7,192,133)	$ 5,807,886

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 June 30, 2022			
	Cemetery	Funeral Home	Corporate	Total
Earnings before income taxes	$ 8,564,617	$ 9,243,628	$ (9,827,093)	$ 7,981,152
Adjusted for the impact of:				
Finance Costs	35,361	165,259	1,521,322	1,721,942
Depreciation and amortization	833,400	2,269,091	101,025	3,203,516
Amortization of cemetery property	1,638,650	21,936		1,660,586
EBITDA	11,072,028	11,699,914	(8,204,746)	14,567,196
Share based compensation	-	-	1,220,065	1,220,065
Acquisition and integration costs	-	197,346	1,445,131	1,642,477
Other (income) expenses	(1,861,230)	4,180	33,059	(1,823,991)
Adjusted EBITDA	$ 9,210,798	$ 11,901,440	$ (5,506,491)	$ 15,605,747

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

	Six Months Ended June 30, 2023			
	Cemetery	**Funeral Home**	**Corporate**	**Total**
Revenue				
Sales	$ 64,706,372	$ 99,726,328	$ -	$ 164,432,700
Income from care and maintenance funds	5,247,506	-	-	5,247,506
Interest and other income	1,803,262	410,502	117,089	2,330,853
Total revenue	71,757,140	100,136,830	117,089	172,011,059
Operating expenses				
Cost of sales	15,861,881	13,438,622	-	29,300,503
General and administrative	19,479,683	51,500,430	-	70,980,113
Maintenance	10,194,024	2,955,937	-	13,149,961
Advertising and selling	8,931,954	5,501,198	-	14,433,152
Total operating expenses	54,467,542	73,396,187	-	127,863,729
Gross profit	17,289,598	26,740,643	117,089	44,147,330
Other expenses				
Corporate general and administrative	-	-	14,823,330	14,823,330
Amortization of intangibles	34,720	586,905	59,635	681,260
Finance costs	42,118	376,719	7,392,391	7,811,228
Fair value adjustment on interest rate swaps	-	-	(463,663)	(463,663)
Share-based incentive compensation	-	-	3,169,838	3,169,838
Acquisition and integration costs	19,033	481,910	3,040,611	3,541,554
Other (income) expenses	2,538,755	(4,392)	465,988	3,000,351
Total other expenses	2,634,626	1,441,142	28,488,130	32,563,898
Earnings before income taxes	14,654,972	25,299,501	(28,371,041)	11,583,432
Income tax expense	3,809,787	6,830,865	(7,408,947)	3,231,705
Net earnings for the period	$ 10,845,185	$ 18,468,636	$ (20,962,094)	$ 8,351,727

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:

	Six Months Ended June 30, 2023			
	Cemetery	**Funeral Home**	**Corporate**	**Total**
Earnings before income taxes	$ 14,654,972	$ 25,299,501	$ (28,371,041)	$ 11,583,432
Adjusted for the impact of:				
Finance Costs	42,118	376,719	7,392,391	7,811,228
Depreciation and amortization	1,749,729	5,643,040	352,531	7,745,300
Amortization of cemetery property	2,958,061	25,019	-	2,983,080
EBITDA	19,404,880	31,344,279	(20,626,119)	30,123,040
Fair value adjustment on interest rate swaps	-	-	(463,663)	(463,663)
Share based compensation	-	-	3,169,838	3,169,838
Acquisition and integration costs	19,033	481,910	3,040,611	3,541,554
Other (income) expenses	2,538,755	(4,392)	465,988	3,000,351
Adjusted EBITDA	$ 21,962,668	$ 31,821,797	$ (14,413,345)	$ 39,371,120

	Six Months Ended June 30, 2022			
	Cemetery	**Funeral Home**	**Corporate**	**Total**
Revenue				
Sales	$ 65,907,514	$ 86,645,503	$ -	$ 152,553,017
Income from care and maintenance funds	4,451,956	41,143	-	4,493,099
Interest and other income	1,436,244	356,579	255,883	2,048,706
Total revenue	71,795,714	87,043,225	255,883	159,094,822
Operating expenses				
Cost of sales	14,639,768	12,000,083	-	26,639,851
General and administrative	21,040,392	44,006,659	-	65,047,051
Maintenance	10,929,036	2,493,380	-	13,422,416
Advertising and selling	10,009,189	4,429,428	-	14,438,617
Total operating expenses	56,618,385	62,929,550	-	119,547,935
Gross profit	15,177,329	24,113,675	255,883	39,546,887
Other expenses				
Corporate general and administrative	-	-	11,678,674	11,678,674
Amortization of intangibles	12,129	622,656	66,788	701,573
Finance costs	86,388	319,474	2,875,518	3,281,380
Share-based incentive compensation	-	-	2,685,243	2,685,243
Acquisition and integration costs	-	197,819	2,558,497	2,756,316
Other (income) expenses	(1,861,230)	23,212	310,517	(1,527,501)
Total other expenses	(1,762,713)	1,163,161	20,175,237	19,575,685
Earnings before income taxes	16,940,042	22,950,514	(19,919,354)	19,971,202
Income tax expense	4,573,811	6,196,639	(5,309,152)	5,461,298
Net earnings for the period	$ 12,366,231	$ 16,753,875	$ (14,610,202)	$ 14,509,904

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:

	Six Months Ended June 30, 2022			
	Cemetery	**Funeral Home**	**Corporate**	**Total**
Earnings before income taxes	$ 16,940,042	$ 22,950,514	$ (19,919,354)	$ 19,971,202
Adjusted for the impact of:				
Finance Costs	86,388	319,474	2,875,518	3,281,380
Depreciation and amortization	1,681,182	4,566,391	181,054	6,428,627
Amortization of cemetery property	3,365,441	60,112		3,425,553
EBITDA	22,073,053	27,896,491	(16,862,782)	33,106,762
Share based compensation	-	-	2,685,243	2,685,243
Acquisition and integration costs	-	197,819	2,558,497	2,756,316
Other (income) expenses	(1,861,230)	23,212	310,517	(1,527,501)
Adjusted EBITDA	$ 20,211,823	$ 28,117,522	$ (11,308,525)	$ 37,020,820

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 $46,754,072 as of June 30, 2023, including $31,327,585 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.

As previously mentioned, during the first quarter of 2023, the Company, through one of its subsidiaries, entered into interest rate swaps 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 June 30, 2023, the Company was in compliance with both covenant tests with the Leverage Ratio being 2.16 times and the Interest Coverage Ratio being 9.73 times.

At June 30, 2023, the Company had $187,041,085 outstanding on the Credit Facility including letters of credit totaling $576,685. The Company has an undrawn balance on its Credit Facility of $112,958,915 and $31,327,585 in cash on hand as at June 30, 2023.

The Company has issued C$86,250,000 in publicly traded Debentures outstanding as of June 30, 2023. These Debentures are excluded from the financial covenants the Company must comply with under the Credit Facility. The Debentures mature on December 31, 2025, and are not redeemable before December 31, 2023.

As at June 30, 2023, the Company had other debt of $18,217,970 comprised of vehicle loans, interest rate swaps, insurance financing arrangements and notes payable to former business owners supporting non-compete and warranty agreements. Further, as at June 30, the Company had $6,008,325 in lease liabilities, and the Debentures balance of $63,341,982, net of debt issuance costs and accretion expenses of $1,625,730.

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.

	Jul 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	$ -	$ -	$ -	$ -	$ 186,464,400	$ -	$ 186,464,400 [1]
Other long-term debt	17,633	29,987	13,538	5,460	-	-	66,618
Notes payable	3,964,412	4,773,919	1,795,514	1,514,462	1,425,927	4,677,119	18,151,352
Lease liabilities	1,849,883	1,046,134	935,432	860,981	530,703	2,066,618	7,289,751
Senior Unsecured Debentures	-	-	63,341,982	-	-	-	63,341,982
Commitments	5,356,882	974,038	-	-	-	45,953,185	52,284,105
Total	$ 11,188,810	$ 6,824,078	$ 66,086,466	$ 2,380,903	$ 188,421,030	$ 52,696,922	$ 327,598,208

[1] Excludes letters of credit issued of $576,685.

Commitments

As at June 30, 2023, the Company had 16 ongoing commitments (the "**Commitments**") with an aggregate balance of $52,284,105 for the construction of funeral homes, mausoleums and cemetery development in the United States and a long-term commitment with one of its principal suppliers. To date, the Company spent $8,848,428 on the construction Commitments in progress. The construction Commitments relate primarily to Hollywood Memorial Park Cemetery, Forest Lawn Cemetery's Garden of Angels, and Floral Hills Funeral Home, 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 $1,695,437 with a remaining project cost of $531,251. 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 $91,485 on the project and the remaining balance of $852,890 will be spent in Q3 of 2023, when the project is expected to be completed.

Floral Hills Funeral Home consists of an expansion of the existing onsite location and the addition of a funeral home chapel located in Covington, Kentucky. To date, the Company has spent $21,713 on the project and the remaining balance of $1,928,287 will be spent by Q4 of 2024, when the project is expected to be completed.

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. To date, the company has spent $4,046,815 with a remaining commitment of $45,953,185.

Dividends and Free Cash Flow

The Company uses Free Cash Flow as a measure of, among other things, the sustainability of its dividend. The table below summarizes the calculation of Free Cash Flow for the three and six month period ended June 30, 2023, and 2022 compared to its dividend payout:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Cash provided by (used in) operating activities	$ 13,708,704	$ 10,392,065	$ 32,535,256	$ 29,198,166
Maintenance capital expenditures	(1,213,776)	(1,444,540)	(3,202,565)	(3,679,981)
Inventory additions	(1,201,526)	(1,066,073)	(2,118,254)	(1,291,175)
Lease payments	(525,233)	(536,221)	(1,047,738)	(883,684)
Free cash flow from operations	$ 10,768,169	$ 7,345,231	$ 26,166,699	$ 23,343,326
Free cash flow from operations per common share-diluted	$ 0.310	$ 0.211	$ 0.755	$ 0.671
Dividends per common share	$ 0.090	$ 0.090	$ 0.180	$ 0.180
Payout ratio	29%	43%	24%	27%
Weighted average shares outstanding-diluted	34,700,648	34,863,288	34,660,457	34,806,950

As calculated above, the Company's Free Cash Flow from operations was $10,768,169 for the three month period ended June 30, 2023, compared to $7,345,231 for the same period in 2022. This represents Free Cash Flow per fully diluted Common Share of $0.310 and $0.211 for the three month period ended June 30, 2023, and 2022, respectively. The Company's Free Cash Flow from operations was $26,166,699 for the six month period ended June 30, 2023, compared to $23,343,326 for the same period in 2022. This represents Free Cash Flow per fully diluted Common Share of $0.755 and $0.671 for the six month period ended June 30, 2023, and 2022, respectively.

The Company paid dividends of $0.090 per Common Share for the three month period ended June 30, 2023, and 2022. The dividends paid represent 29% and 43% of Free Cash Flow for the three month period ended June 30, 2023, and 2022, respectively. The Company paid dividends of $0.180 per Common Share for the six month period ended June 30, 2023, and 2022. The dividends paid represent 24% and 27% of Free Cash Flow for the six month period ended June 30, 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
June, 2023	June 30, 2023	July 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 $4,749,601 and $5,829,508 to the Care and Maintenance Trust Funds for the six month period ended June 30, 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 June 30, 2023, the aggregate balance of the Care and Maintenance Trust Funds was $212,838,722 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 June 30, 2023, the Company had net unrealized loss in the Care and Maintenance Trust Funds of $8,007,711, which represents a 3.6% 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 $261,474,240 on June 30, 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 June 30, 2023, the Company had a net unrealized loss in the Pre-Need Merchandise and Service Trust Funds of $7,417,455, which represents a 2.8% net unrealized loss to the original cost basis.

Prearranged Funeral Insurance Contracts

In addition to trust funded prearranged funeral services contracts, the Company also has prearranged funeral services contracts that are funded by insurance. As at June 30, 2023, the current face amounts of pre-funded policies totaled $573,232,210 ($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 June 30, 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 Q2	2023 Q1	2022 Q4	2022 Q3
Revenue	$85,275,555	$86,735,504	$86,143,691	$80,871,605
Gross profit	$21,043,308	$23,104,022	$21,950,399	$19,342,078
Earnings before income taxes	$4,525,743	$7,057,689	$8,146,293	$7,516,034
Net earnings	$3,775,581	$4,576,146	$5,290,953	$5,323,908
Adjusted net earnings (1)	$7,696,906	$8,615,331	$8,272,256	$7,764,988
Adjusted EBITDA (2)	$18,829,730	$20,541,390	$19,772,589	$18,155,459
Gross profit margin	24.7%	26.6%	25.5%	23.9%
Adjusted EBITDA margin (2)	22.1%	23.7%	23.0%	22.4%
Net earnings per share - basic (3)	$0.110	$0.134	$0.154	$0.155
Net earnings per share - diluted (3)	$0.109	$0.132	$0.153	$0.153
Adjusted Net Earnings per share - basic (1), (3)	$0.224	$0.251	$0.240	$0.226
Adjusted Net Earnings per share - diluted (1), (3)	$0.222	$0.249	$0.239	$0.224
Adjusted EBITDA per share - basic (2), (3)	$0.548	$0.600	$0.575	$0.529
Adjusted EBITDA per share - diluted (2), (3)	$0.543	$0.594	$0.571	$0.523

	2022 Q2	2022 Q1	2021 Q4	2021 Q3
Revenue	$75,921,525	$83,173,297	$78,949,931	$73,038,015
Gross profit	$16,813,765	$22,733,122	$20,689,236	$20,117,977
Earnings before income taxes	$7,981,152	$11,990,050	$9,529,281	$9,910,018
Net earnings	$5,807,886	$8,702,018	$7,113,666	$7,186,518
Adjusted net earnings (1)	$6,624,310	$11,176,862	$10,150,172	$9,585,999
Adjusted EBITDA (2)	$15,605,747	$21,415,073	$19,954,979	$18,654,958
Gross profit margin	22.1%	27.3%	26.2%	27.5%
Adjusted EBITDA margin (2)	20.6%	25.7%	25.3%	25.5%
Net earnings per share - basic (3)	$0.170	$0.255	$0.209	$0.231
Net earnings per share - diluted (3)	$0.167	$0.250	$0.206	$0.229
Adjusted Net Earnings per share - basic (1), (3)	$0.194	$0.327	$0.298	$0.308
Adjusted Net Earnings per share - diluted (1), (3)	$0.190	$0.321	$0.294	$0.305
Adjusted EBITDA per share - basic (2), (3)	$0.456	$0.627	$0.585	$0.600
Adjusted EBITDA per share - diluted (2), (3)	$0.448	$0.615	$0.579	$0.593

(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 and into 2023 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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Key management compensation	$ 1,986,276	$ 1,198,916	$ 3,335,929	$ 3,157,089
Directors' fees	118,729	139,440	250,942	283,486
Total	$ 2,105,005	$ 1,338,356	$ 3,586,871	$ 3,440,575

Purchase of Haines Properties

Through 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**"), the Company completed the purchase of four industrial units of property in Mississauga, Ontario, Canada (the "**Haines Properties**") in the second quarter of 2023. A purchase and sale agreement for the Haines Properties was entered into by Haines LP for an aggregate purchase price of C$3,331,885. The Haines Properties are leased by Haines LP to a funeral home owned by the Company on substantially the same terms as the prior lease for the Haines Properties, with increases in rent to align with market rates.

Purchase of Ward

As previously mentioned, on July 17, 2023, PLC acquired substantially all the assets of Ward Funeral Home Limited in Brampton, Woodbridge and Toronto, Ontario, expanding PLC's geographic presence in the Greater Toronto Area through the addition of three stand-alone funeral homes. This business was owned in-part by John Ward, a former director of the Company who did not stand for re-election to the Board for the 2023-2024 service year.

Disclosure Controls and Procedures

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

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

Internal Controls over Financial Reporting

The Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management conducted its evaluation based on the framework set forth in the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its evaluation under this framework, management concluded that the Company's internal control over financial reporting was effective as of June 30, 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 Shackelford acquired in the third quarter of 2022, Park Lawn Missouri in the fourth quarter of 2022, Meyer in the first quarter of 2023 and Speaks and Cobb in the second 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 June 30, 2023, related to the above mentioned acquisitions:

	June 30, 2023 Shackelford	June 30, 2023 Park Lawn Miss.	June 30, 2023 Meyer	June 30, 2023 Speaks	June 30, 2023 Cobb
Revenue	$ 4,693,063	$ 1,924,556	$ 1,451,923	$ 833,018	$ 23,403
Net earnings	$ 121,114	$ 216,181	$ 309,612	$ 209,740	$ (5,964)
Current assets	$ 9,932	$ -	$ -	$ -	$ -
Non-current assets	$ 19,313,763	$ 13,020,112	$ 7,306,993	$ 6,482,944	$ 2,480,386
Current liabilities	$ 1,488,267	$ -	$ -	$ -	$ -
Non-current liabilities	$ 1,118,586	$ 7,645,250	$ 1,429,346	$ -	$ -

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 June 30, 2023, there were 34,092,857 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 153,704 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 1,577,511 Common Shares reserved for issuance under the EIP, and 313,825 Common Shares reserved for issuance under the DRIP. As at June 30, 2023, 985,215 DSUs, RSUs, PSUs and Options were outstanding. As at August 10, 2023, there were 34,266,195 Common Shares issued and outstanding and 130,100 Common Shares held by the Trust.

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

On August 10, 2023, the Company received approval from the TSX to renew its NCIB. Under the terms of the NCIB, the Company may, during the twelve month period commencing August 17, 2023, and ending August 16, 2024, purchase up to a maximum of 3,391,575 Common Shares, representing 10% of its public float of issued and outstanding Common Shares as at August 4, 2023. 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 15,708 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.

Under its prior NCIB which commenced on August 17, 2022 and expires on August 16, 2023, the Corporation had sought and received approval from the TSX to purchase up to 3,385,439 Common Shares. As of August 9, 2023, the Corporation had purchased 207,885 Common Shares under its prior NCIB through open market purchases on the TSX and/or alternative Canadian trading systems, at a weighted average price of approximately C$24.81 per Common Share for total cash consideration including commission of $3,825,438 (C$5,152,539).

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 six month period ended June 30, 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	(60,343)	-
Outstanding, end of the period	140,642	200,985

	June 30, 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.sedarplus.com and on the Company's website at www.parklawncorp.com.