Consolidated Financial Statements



For the years ended December 31, 2023 and 2022





KPMG LLP Bay Adelaide Centre 333 Bay Street, Suite 4600 Toronto, ON M5H 2S5 Canada Tel 416-777-8500 Fax 416-777-8818

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Park Lawn Corporation,

Opinion

We have audited the consolidated financial statements of Park Lawn Corporation (the "Entity"), which comprise:

- the consolidated statements of financial position as at December 31, 2023 and December 31, 2022
- the consolidated statements of earnings for the years then ended
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditors*' *Responsibilities for the Audit of the Financial Statements*" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Park Lawn Corporation March 7, 2024

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Evaluation of Goodwill Impairment Assessment

Description of the matter

We draw attention to Note 2(j), Note 3(i) and Note 12 of the financial statements. The goodwill balance is \$365,853,162. Goodwill is tested for impairment at least annually. Assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets. This is referred to as a cash generating unit ("CGU"). The impairment of goodwill is assessed at the CGU, or CGU grouping, level to which it was allocated to. The Entity uses a value in use approach to determine the recoverable amount for its CGUs.

Why the matter is a key audit matter

We identified the evaluation of goodwill impairment assessment as a key audit matter. This matter represented a significant risk of material misstatement due to the high degree of estimation uncertainty in determining the recoverable amount. As a result, significant auditor judgment was required in performing procedures evaluating the Entity's significant assumptions in the estimated future cash flows, which include estimated growth rates, terminal growth rate, and post-tax discount rates.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter.

We assessed the Entity's growth rate assumptions by comparing them to evidence of future customer demand, industry reports and historical results.

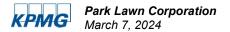
We involved valuation professionals with specialized skills and knowledge, who assisted in the evaluation of the terminal growth rate and post-tax discount rates. The terminal growth rate was compared to the growth rates used in the discrete forecast period, and further evaluated based on an understanding of the operations and prospects, and long-term estimate of inflation. The discount rates were compared to discount rate ranges that were independently developed using publicly available market data for comparable entities with consideration of the internal rates of return implied in recent acquisitions.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Annual Report 2023."

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report 2023" is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

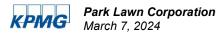
Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

 Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.



The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditors' report is Saqib Jawed.

Toronto, Canada March 7, 2024

PARK LAWN CORPORATION CONSOLIDATED STATEMENTS OF FINANCIAL POSITION FOR THE YEARS ENDED DECEMBER 31, 2023 AND DECEMBER 31, 2022

(U.S. dollars unless otherwise stated)

	December 31, 2023	December 31, 2022
		(Restated, Measurement Period Adjustment - see Note 6)
Assets		
Current assets		ê 20.077.740
Cash Accounts receivable (Note 4)	\$ 17,687,005 27,474,193	\$ 30,277,742 19,856,421
Pre-need receivables, current portion (Note 4)	17,337,975	28,192,812
Inventories, current portion (Note 5)	10,427,574	11,013,722
Prepaid expenses and other assets (Note 13)	4,419,298	3,654,259
	77,346,045	92,994,956
Non-current assets		
Pre-need receivables, net of current portion (Note 4)	31,815,330	71,263,116
Inventories, net of current portion (Note 5)	52,642,487	72,817,965
Land held for development (Note 7)	26,356,826	26,311,392
Property and equipment (Note 8)	280,753,228	272,090,766
Care and maintenance trust fund investments (Note 9) Pre-need merchandise and service trust fund investments (Note 10)	175,410,663	209,459,602
Deferred tax assets (Note 27)	174,873,817 5,021,797	239,292,825 1,788,714
Goodwill and intangibles (Note 6 and 12)	417,399,312	456,248,854
Deferred commissions	12,724,229	30,881,614
Prepaid expenses and other assets (Note 13)	17,449,906	6,473,858
	1,194,447,595	1,386,628,705
TOTAL ASSETS	\$ 1,271,793,640	\$ 1,479,623,661
Liabilities Current liabilities Accounts payable and accrued liabilities (Note 14) Dividends payable Current portion of long-term debt (Note 15) Current portion of notes payable (Note 16) Current portion of lease liabilities (Note 17)	\$ 36,600,049 2,914,086 30,477 4,110,625 1,841,887	\$ 48,215,776 2,873,446 43,622 14,213,582 1,501,111
Non-current liabilities	45,497,124	66,847,537
Long-term debt, net of current portion (Note 15)	144,128,438	150,122,645
Notes payable, net of current portion (Note 16)	10,792,302	10,821,758
Lease liabilities, net of current portion (Note 17)	13,195,519	4,262,169
Interest rate swaps (Note 29)	510,147	-
Senior Unsecured Debentures (Note 18) Deferred tax liabilities (Note 27)	63,646,566 10,739,136	61,650,585
Deferred tax habilities (Note 27) Deferred revenue (Note 19)	95,829,299	17,094,252 168,476,298
Care and maintenance trusts' corpus (Note 9)	175,410,663	209,459,602
Deferred pre-need receipts held in trust (Note 10)	174,873,817	239,292,825
	689,125,887	861,180,134
Shareholders' Equity		
Share capital (Note 21)	510,552,867	510,337,446
Contributed surplus	15,010,844	11,354,370
Accumulated other comprehensive loss Retained earnings	(6,475,310) 18,082,228	(7,026,942) 36,931,116
Actanica cattings	537,170,629	551,595,990
	357,170,029	551,575,790
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 1,271,793,640</u>	\$ 1,479,623,661

Commitments and Contingencies (Note 30) **Subsequent Events** (Note 15 and 34)

Approved by the Board of Directors "Deborah Robinson" Deborah Robinson - Chair, Director

The accompanying notes are an integral part of these consolidated financial statements.

"Marilyn Brophy" Marilyn Brophy, Director

PARK LAWN CORPORATION CONSOLIDATED STATEMENTS OF EARNINGS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (U.S. dollars unless otherwise stated)

Revenue S 332,062,385 \$ 311,630,144 Income from care and maintenance funds (Note 9) $9,958,758$ $9,353,344$ Interest and other income $5,579,808$ $5,146,590$ Operating expenses $60,137,614$ $55,104,079$ Cost of sales (Note 23) $60,137,614$ $55,104,079$ General and administrative $142,906,645$ $133,193,782$ Maintenance $26,972,085$ $26,948,732$ Advertising and selling $22,90,0586$ $30(024,161)$ Corporate general and administrative $28,90,586$ $30(024,161)$ Corporate general and administrative $31,773,327$ $225,355,488$ Amortization of intangibles (Note 12) $1,624,976$ $1,184,641$ Finarce costs (Note 24) $8,329,739$ $51,104,774$ Fair value adjustment on interest rate swaps (Note 29) $510,147$ $-31,773,327$ $225,355,488$ Amortization of intangibles (Note 12) $1,624,976$ $1,184,641$ $7,524,424$ $7,046,469$ Other expenses $(0,137,114)$ $-31,485,856$ $(1,352,475)$ $96,886,798$		2023	(Reclass	2022 ified - see Note 33)
Operating expenses $60,137,614$ $55,104,079$ Cost of sales (Note 23) $60,137,614$ $55,104,079$ General and administrative $142,206,645$ $133,193,782$ Maintenance $26,972,085$ $26,048,732$ Advertising and selling $28,990,586$ $30,024,161$ 28,990,586 $30,024,161$ $259,006,930$ $245,270,754$ Revenue less operating expenses $88,594,021$ $80,839,364$ Other expenses $31,773,327$ $25,355,488$ Amortization of intangibles (Note 12) $11,82,54,480$ $83,29,739$ Fair value adjustment on interest rate swaps (Note 29) $510,147$ $-$ Share-based incentive compensation (Note 25 and 28) $75,24,424$ $70,464,409$ Other expenses (income) (Note 26) $31,485,856$ $(1,352,075)$ 96,886,798 $45,205,836$ $(1,352,075)$ Income tax (recovery) expense (Note 27) $(680,163)$ $10,508,763$ Net (loss) earnings before income taxes $8,202,777$ $35,633,528$ Income tax (recovery) expense (Note 27) $(680,163)$ $10,508,763$	Sales Income from care and maintenance funds (Note 9)	\$ 9,958,758 5,579,808	\$	9,333,384 5,146,590
Cost of sales (Note 23) $60,137,614$ $55,104,079$ General and administrative $142,006,645$ $133,193,782$ Maintenance $26,972,085$ $26,947,32$ Advertising and selling $28,909,586$ $30,024,161$ Vertising and selling $28,909,586$ $30,024,161$ Other expenses $88,594,021$ $80,839,364$ Other expenses $88,594,021$ $80,839,364$ Corporate general and administrative $31,773,327$ $25,355,488$ Amortization of intangibles (Note 12) $1,624,976$ $1,184,641$ Finance costs (Note 24) $18,254,480$ $8,329,739$ Fair value adjustment on interest rate swaps (Note 29) $510,147$ $-$ Share-based incentive compensation (Note 25 and 28) $7,524,424$ $7,046,469$ Other expenses (income) (Note 26) $31,485,856$ $(1,522,075)$ Other expenses (income) (Note 26) $31,485,856$ $(1,522,075)$ Other expenses (income) (Note 27) $(680,163)$ $10,508,763$ Income tax (recovery) expense (Note 27) $(680,163)$ $10,508,763$ Net (loss) earnings before income taxes $$0,223)$ $$0,223)$ <t< th=""><th></th><th>347,600,951</th><th></th><th>326,110,118</th></t<>		347,600,951		326,110,118
General and administrative 142,906,645 133,193,782 Maintenance 26,972,085 26,948,732 Advertising and selling 28,990,586 30,024,161 259,006,930 245,270,754 Revenue less operating expenses 88,594,021 80,839,364 Other expenses 31,773,327 25,355,488 Corporate general and administrative 31,773,327 25,355,488 Amortization of intangibles (Note 12) 1,624,976 1,184,641 Finance costs (Note 24) 18,254,480 8,329,739 Fair value adjustment on interest rate swaps (Note 29) 510,147 - Share-based incentive compensation (Note 25 and 28) 5,713,588 4,641,574 Acquisition and integration costs (Note 6 and 28) 7,524,424 7,046,469 Other expenses (income) (Note 26) 31,485,856 (1,532,075) 96,886,798 45,205,836 10,508,763 Income tax (recovery) expense (Note 27) (680,163) 10,508,763 Net (loss) earnings for the year \$ (7,612,614) \$ 25,124,765 Net (loss) earnings per share - basic \$ (0,223) \$ 0,735				
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Other expensesCorporate general and administrative $31,773,327$ $25,355,488$ Amortization of intangibles (Note 12) $1,624,976$ $1,184,641$ Finance costs (Note 24) $18,254,480$ $8,329,739$ Fair value adjustment on interest rate swaps (Note 29) $510,147$ -Share-based incentive compensation (Note 25 and 28) $5,713,588$ $4,641,574$ Acquisition and integration costs (Note 6 and 28) $7,524,424$ $7,046,469$ Other expenses (income) (Note 26) $31,485,856$ $(1,352,075)$ 96,886,798 $45,205,836$ $45,205,836$ (Loss) earnings before income taxes $(8,292,777)$ $35,633,528$ Income tax (recovery) expense (Note 27) $(680,163)$ $10,508,763$ Net (loss) earnings for the year $\frac{$}{$}$ $(7,612,614)$ $\frac{$}{$}$ - basic $\frac{$}{$}$ (0.223) $\frac{$}{$}$ 0.725 Weighted average number of common shares, net of shares held in trust (Note 21): - basic $34,078,939$ $34,173,743$		259,006,930		245,270,754
Corporate general and administrative $31,773,327$ $25,355,488$ Amortization of intangibles (Note 12) $1,624,976$ $1,184,641$ Finance costs (Note 24) $18,254,480$ $8,329,739$ Fair value adjustment on interest rate swaps (Note 29) $510,147$ -Share-based incentive compensation (Note 25 and 28) $5,713,588$ $4,641,574$ Acquisition and integration costs (Note 6 and 28) $7,524,424$ $7,046,469$ Other expenses (income) (Note 26) $31,485,856$ $(1,352,075)$ 96,886,798 $45,205,836$ $45,205,836$ (Loss) earnings before income taxes $(8,292,777)$ $35,633,528$ Income tax (recovery) expense (Note 27) $(680,163)$ $10,508,763$ Net (loss) earnings for the year $\frac{$}{$}$ $(0,223)$ $\frac{$}{$}$ $0,223)$ $\frac{$}{$}$ 0.725 Weighted average number of common shares, net of shares held in trust (Note 21): - basic $34,078,939$ $34,173,743$	Revenue less operating expenses	 88,594,021		80,839,364
Amortization of intangibles (Note 12) $1,624,976$ $1,184,641$ Finance costs (Note 24) $18,254,480$ $8,329,739$ Fair value adjustment on interest rate swaps (Note 29) $510,147$ -Share-based incentive compensation (Note 25 and 28) $5,713,588$ $4,641,574$ Acquisition and integration costs (Note 6 and 28) $7,524,424$ $7,046,469$ Other expenses (income) (Note 26) $31,485,856$ $(1,352,075)$ 96,886,798 $45,205,836$ (Loss) earnings before income taxes $(8,292,777)$ $35,633,528$ Income tax (recovery) expense (Note 27) $(680,163)$ $10,508,763$ Net (loss) earnings for the year $\frac{$}{$}$ $(7,612,614)$ $\frac{$}{$}$ Net (loss) earnings per share $\frac{$}{$}$ (0.223) $\frac{$}{$}$ - basic $\frac{$}{$}$ (0.223) $\frac{$}{$}$ 0.725 Weighted average number of common shares, net of shares held in trust (Note 21): - basic $34,078,939$ $34,173,743$	•			
Finance costs (Note 24)18,254,4808,329,739Fair value adjustment on interest rate swaps (Note 29) $510,147$ -Share-based incentive compensation (Note 25 and 28) $5,713,588$ $4,641,574$ Acquisition and integration costs (Note 6 and 28) $7,524,424$ $7,046,469$ Other expenses (income) (Note 26) $31,485,856$ $(1,352,075)$ 96,886,798 $45,205,836$ (Loss) earnings before income taxes $(8,292,777)$ $35,633,528$ Income tax (recovery) expense (Note 27) $(680,163)$ $10,508,763$ Net (loss) earnings for the year $\frac{$}{$}$ $(7,612,614)$ $\frac{$}{$}$ $25,124,765$ $\frac{$}{$}$ $0.223)$ $\frac{$}{$}$ Net (loss) earnings per share $\frac{$}{$}$ $0.223)$ $\frac{$}{$}$ $0.223)$ $\frac{$}{$}$ 0.725 Weighted average number of common shares, net of shares held in trust (Note 21): $34,078,939$ $34,173,743$	Corporate general and administrative	31,773,327		25,355,488
Fair value adjustment on interest rate swaps (Note 29) $510,147$ -Share-based incentive compensation (Note 25 and 28) $5,713,588$ $4,641,574$ Acquisition and integration costs (Note 6 and 28) $7,524,424$ $7,046,469$ Other expenses (income) (Note 26) $31,485,856$ $(1,352,075)$ 96,886,798 $45,205,836$ (Loss) earnings before income taxes $(8,292,777)$ $35,633,528$ Income tax (recovery) expense (Note 27) $(680,163)$ $10,508,763$ Net (loss) earnings for the year $$(7,612,614)$ $$25,124,765$ Net (loss) earnings per share - basic $$(0.223)$ $$(0.223)$ $$(0.223)$ $$(0.725)$ Weighted average number of common shares, net of shares held in trust (Note 21): - basic $34,078,939$ $34,173,743$				1,184,641
Share-based incentive compensation (Note 25 and 28) $5,713,588$ $4,641,574$ Acquisition and integration costs (Note 6 and 28) $7,524,424$ $7,046,469$ Other expenses (income) (Note 26) $31,485,856$ $(1,352,075)$ 96,886,798 $45,205,836$ (Loss) earnings before income taxes $(8,292,777)$ $35,633,528$ Income tax (recovery) expense (Note 27) $(680,163)$ $10,508,763$ Net (loss) earnings for the year $$(7,612,614)$ $$25,124,765$ Net (loss) earnings per share - basic $$(0.223)$ $$(0.223)$ $$(0.223)$ $$(0.725)$ Weighted average number of common shares, net of shares held in trust (Note 21): - basic $34,078,939$ $34,173,743$	Finance costs (Note 24)	18,254,480		8,329,739
Acquisition and integration costs (Note 6 and 28) $7,524,424$ $7,046,469$ Other expenses (income) (Note 26) $31,485,856$ $(1,352,075)$ $96,886,798$ $45,205,836$ (Loss) earnings before income taxes $(8,292,777)$ $35,633,528$ Income tax (recovery) expense (Note 27) $(680,163)$ $10,508,763$ Net (loss) earnings for the year $$(7,612,614)$ $$25,124,765$ Net (loss) earnings per share - basic $$(0.223)$ $$(0.223)$ - diluted $$(0.223)$ $$(0.223)$ $$(0.735)$ Weighted average number of common shares, net of shares held in trust (Note 21): - basic $34,078,939$ $34,173,743$	Fair value adjustment on interest rate swaps (Note 29)	510,147		-
Other expenses (income) (Note 26) $31,485,856$ $(1,352,075)$ 96,886,798 $45,205,836$ (Loss) earnings before income taxes $(8,292,777)$ $35,633,528$ Income tax (recovery) expense (Note 27) $(680,163)$ $10,508,763$ Net (loss) earnings for the year $\$$ ($7,612,614$) $\$$ 25,124,765 Net (loss) earnings per share $$$ (0.223) $\$$ 0.735 - diluted $\$$ (0.223) $\$$ 0.735 Weighted average number of common shares, net of shares held in trust (Note 21): $34,078,939$ $34,173,743$	Share-based incentive compensation (Note 25 and 28)	5,713,588		4,641,574
96,886,798 45,205,836 (Loss) earnings before income taxes $(8,292,777)$ $35,633,528$ Income tax (recovery) expense (Note 27) $(680,163)$ $10,508,763$ Net (loss) earnings for the year $\$$ $(7,612,614)$ $\$$ $25,124,765$ Net (loss) earnings per share \cdot basic $\$$ 0.735 $$$ 0.735 Vetighted average number of common shares, net of shares held in trust (Note 21): $34,078,939$ $34,173,743$	Acquisition and integration costs (Note 6 and 28)	7,524,424		7,046,469
(Loss) earnings before income taxes $(8,292,777)$ $35,633,528$ Income tax (recovery) expense (Note 27) $(680,163)$ $10,508,763$ Net (loss) earnings for the year $$ (7,612,614)$ $$ 25,124,765$ Net (loss) earnings per share - basic - diluted $$ (0.223)$ $$ 0.735$ Weighted average number of common shares, net of shares held in trust (Note 21): - basic $$ 34,078,939$ $$ 34,173,743$	Other expenses (income) (Note 26)	 31,485,856		(1,352,075)
Income tax (recovery) expense (Note 27) $(680,163)$ $10,508,763$ Net (loss) earnings for the year\$ (7,612,614)\$ 25,124,765Net (loss) earnings per share - basic - diluted\$ (0.223)\$ 0.735* (loted)\$ (0.223)\$ 0.725Weighted average number of common shares, net of shares held in trust (Note 21): - basic34,078,93934,173,743		96,886,798		45,205,836
Net (loss) earnings for the year\$ $(7,612,614)$ \$ $25,124,765$ Net (loss) earnings per share - basic - diluted\$ (0.223) \$ 0.735 Weighted average number of common shares, net of shares held in trust (Note 21): - basic34,078,939 $34,173,743$	(Loss) earnings before income taxes	(8,292,777)		35,633,528
Net (loss) earnings per share - basic - diluted \$ (0.223) \$ (0.725) Weighted average number of common shares, net of shares held in trust (Note 21): - basic 34,078,939 34,173,743	Income tax (recovery) expense (Note 27)	 (680,163)		10,508,763
- basic \$ (0.223) \$ 0.735 - diluted \$ (0.223) \$ 0.725 Weighted average number of common shares, net of shares held in trust (Note 21): - basic 34,078,939 34,173,743	Net (loss) earnings for the year	\$ (7,612,614)	\$	25,124,765
- diluted \$ (0.223) \$ 0.725 Weighted average number of common shares, net of shares held in trust (Note 21): - basic 34,078,939 34,173,743	Net (loss) earnings per share			
Weighted average number of common shares, net of shares held in trust (Note 21): - basic 34,078,939 34,173,743	- basic	\$ (0.223)	\$	0.735
- basic 34,078,939 34,173,743	- diluted	\$ (0.223)	\$	0.725
	Weighted average number of common shares, net of shares held in trust (Note 21):			
- diluted 34,815,788 34,664,014	- basic	 34,078,939		34,173,743
	- diluted	 34,815,788		34,664,014

PARK LAWN CORPORATION CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(U.S. dollars unless otherwise stated)

	2023	2022		
Net (loss) earnings for the year Item of other comprehensive income to be	\$ (7,612,614)	\$	25,124,765	
subsequently reclassified to net earnings Foreign currency translation of foreign operations	 551,632		(1,628,109)	
Comprehensive (loss) income	\$ (7,060,982)	\$	23,496,656	

PARK LAWN CORPORATION CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(U.S. dollars unless otherwise stated)

	# of Common Shares Issued and Outstanding	Share Capital	(Contributed Surplus		Retained Earnings	Сс	Other Other omprehensive ncome/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 20)	-	-		-		(11,939,900)		-	(11,939,900)
Equity incentive plan (Note 25)	-	-		1,545,973		-		-	1,545,973
Shares issued: Dividend reinvestment plan (Note 21 i)	105,387	2,348,834		-		-		-	2,348,834
Exercise of equity incentive plan (Note 25)	104,542	2,265,703		(2,131,279)		-		-	134,424
Acquisition of non-controlling interest (Note 21 ii)	-	(270,556)		-		-		-	(270,556)
Shares purchased under normal course issuer bid and held in trust for future settlement of share based incentive compensation (Note 21 iii)	(200,985)	(3,018,098)		-		(734,793)		-	(3,752,891)
Foreign currency translation of foreign operations	-	-		-		-		(1,628,109)	(1,628,109)
Net earnings for the year				-		25,124,765			25,124,765
Balance at December 31, 2022	33,939,153	\$ 510,337,446	\$	11,354,370	Ş	36,931,116	\$	(7,026,942)	\$ 551,595,990
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 20)						(11,452,901)			(11,452,901)
Equity incentive plan (Note 25)				5,665,607					5,665,607
Shares issued: Dividend reinvestment plan (Note 21 i)	170,726	2,967,553							2,967,553
Exercise of equity incentive plan (Note 25)	102,675	2,268,253		(2,009,132)					259,121
Shares purchased under normal course issuer bid and held in trust for future settlement of share based incentive compensation (Note 21 iii)	(332,957)	(5,020,385)				216,627			- (4,803,758)
Foreign currency translation of foreign operations								551,632	551,632
Net loss for the year						(7,612,614)			(7,612,614)
Balance at December 31, 2023	33,879,597	\$ 510,552,867	\$	15,010,844	\$	18,082,228	\$	(6,475,310)	\$ 537,170,629

PARK LAWN CORPORATION CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(U.S. dollars unless otherwise stated)

		2023	2022
Cash (used in) provided by:			
Operating activities			
Net (loss) earnings for the year	\$	(7,612,614) \$	25,124,765
Adjustments to reconcile net income to cash provided by (used in) operating activities:			
Acquisition and integration costs (Note 6)		7,524,424	7,046,469
Deferred tax (recovery) expense		(9,492,199)	3,043,821
Depreciation of property and equipment, and amortization of intangibles (Note 8 and 12)		16,564,885	13,058,253
Cost of cemetery property (Note 23)		6,975,280	7,591,380
Deferred financing costs (Note 15 and 24)		664,613	453,787
Accretion expense on Senior Unsecured Debentures (Note 18 and 24)		631,802	611,953
Interest on lease liabilities (see Note 17 and 24)		823,201	326,322
Share based incentive compensation (Note 25)		5,665,607	4,558,667
Proceeds from excercised stock options		259,121	134,424
Gain on disposal of property and equipment (Note 8 and 26)		(57,813)	(1,893,192)
Loss on the sale of businesses (Note 8 and 26)			(1,075,172)
		30,728,423	-
Impairment of other assets (Note 26)		-	153,972
Fair value adjustments on interest rate swaps (Note 29)		510,147	-
Changes in working capital that provided (required) cash:			
Accounts receivable (Note 4)		(9,828,036)	(2,077,788)
Net receipts on pre-need activity		19,022,082	(986,317)
Merchandise inventories		(17,169)	(194,948)
Prepaid expenses and other current assets		4,136,494	984,421
Accounts payable and accrued liabilities		(8,360,468)	10,954,040
Cash provided by operating activities		58,137,780	68,890,030
Investing activities			
Acquisition and integration costs (Note 6)		(7,524,424)	(7,046,469)
			· · · · · · · · · · · · · · · · · · ·
Net cash on acquisitions (Note 6)		(49,211,617)	(78,267,688)
Net cash from disposal of businesses (Note 32)		47,353,457	-
Acquisition of non-controlling interest (Note 21)		-	(270,556)
Additions to cemetery property		(7,181,023)	(4,337,531)
Additions of property and equipment (Note 8)		(16,483,467)	(20,051,874)
Additions of land held for development (Note 7)		(1,251,422)	-
Proceeds on disposal of property and equipment (Note 8)		917,892	2,943,215
Additions to intangible assets (Note 12)		(1,046,354)	(865,738)
Cash interest from other assets		228,614	181,249
Cash used in investing activities		(34,198,344)	(107,715,392)
Financing activities			
Proceeds from issuance of long-term debt (Note 15)		63,074,804	67,505,236
Repayment of long-term debt (Note 15)		(69,838,123)	(2,088,239)
Repayment of note payable (Note 16)		(14,068,036)	(3,525,367)
Repayment of lease liabilities (Note 17)		(2,805,875)	,
			(1,643,448)
Dividends and distributions paid (Note 20)		(8,507,708)	(7,589,616)
Financing costs		(214,878)	(327,377)
Common shares purchased and held in trust (Note 21)		(4,803,758)	(3,752,891)
Cash (used in) provided by financing activities		(37,163,574)	48,578,299
Translation adjustment on cash		633,401	(260,992)
Net (decrease) increase in cash		(12,590,737)	9,491,944
Cash, beginning of year		30,277,742	20,785,798
Cash, end for year	\$	17,687,005 \$	30,277,742
Supplemental disclosures			
Supplemental disclosures: Income taxes paid	\$	6,612,612 \$	6,416,317
Interest expenses paid	\$	16,603,964 \$	7,253,456
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PARK LAWN CORPORATION NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (U.S. dollars unless otherwise stated)

Park Lawn Corporation (the "Company" or "PLC"), located at 2 St. Clair Ave. East, Suite 705, Toronto, Ontario, M4T 2T5, is an Ontario corporation which owns and operates cemeteries, crematoriums and funeral homes in Canada and the U.S. The Company is publicly traded on the Toronto Stock Exchange (the "TSX") under the stock symbol "PLC" and "PLC.U", its U.S. dollar denominated ticker symbol, under which purchases and sales of common shares of the Company ("Common Shares") can be made in U.S. dollars.

1. BASIS OF PREPARATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and using accounting polices disclosed therein.

These consolidated financial statements were approved by the Company's Board of Directors (the "Board") on March 7, 2024.

b. Functional and presentation currency

The consolidated financial statements are presented in USD. The functional currency of the parent Company and its Canadian subsidiaries is the Canadian dollar ("CAD" or "C\$"). The functional currency of the Company's U.S. subsidiaries is the U.S. dollar ("USD" or "US\$").

The financial statements of entities for which the functional currency is not USD are translated into USD using the exchange rate in effect at the end of the reporting period for assets and liabilities and the average exchange rates for the period for revenue, expenses and cash flows. Foreign exchange differences arising on translation are recognized in other comprehensive income and in accumulated other comprehensive income in shareholders' equity.

c. Basis of measurement

The consolidated financial statements of the Company have been prepared on a historical cost basis with the exception of certain financial instruments that are measured at fair value (see Note 2e).

2. MATERIAL ACCOUNTING POLICIES

a. Basis of consolidation

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

Investment entities

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

a. Basis of consolidation - continued

Investment entities - continued

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

Pre-need trust fund

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

Care and maintenance trust fund

The care and maintenance fund investments are recorded at fair value and amortized cost, depending on the type of investments. Any unrealized net gain or loss resulting from changes in the fair value of the cemetery care and maintenance fund investments, as well as unaccumulated and undistributed income, are recorded to the care and maintenance trusts' corpus.

Transactions eliminated on consolidation

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

b. Earnings per share

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

c. Revenue recognition

IFRS 15 is a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

Cemetery property interment rights

The Company's revenue streams are from the sale of cemetery property interment rights, cemetery services and merchandise sales, and funeral services and merchandise sales as described below:

For cemetery property interment rights performance obligations, control transfers to the customer when the property is developed, and the interment right has been sold and can no longer be marketed or sold to another customer. In jurisdictions that allow contracts for the sale of pre-need cemetery interment rights to be cancelled by the customer prior to burial, cancellation estimates have been provided for, based on historical experience and current trends.

The Company is required to deposit certain amounts, pursuant to the requirements of provincial and state regulations, in care and maintenance trust funds relating to the sale of cemetery lots, mausoleum crypts and niches. Revenue is recorded net of these amounts.

Cemetery services

Cemetery services consist primarily of opening and closing fees and merchandise installation fees. For cemetery service performance obligations, control transfers to the customer when the service is complete. Sales of cemetery services are recognized as revenue at the date of the performance of the service.

c. Revenue recognition - continued

Merchandise sales

Merchandise sales for the cemetery business consist primarily of outer burial containers, memorials, markers, and other ancillary merchandise. Merchandise sales for the funeral business consist primarily of burial caskets, urns, outer burial containers and other ancillary funeral and cremation merchandise. For the merchandise sales performance obligations, control transfers when merchandise is delivered.

For at-need contracts, the Company generally delivers the merchandise and performs the services at the time of need. Personalized marker merchandise and marker installation services sold under at-need contracts are recognized when control is transferred to the customer, generally when the marker is delivered or installed on the cemetery property.

The Company also sells price-guaranteed, pre-need contracts providing for future merchandise at prices prevailing when the agreements are signed. Revenue associated with sales of pre-need contracts is deferred until control of the merchandise or the services is transferred to the customer, which is upon delivery of the merchandise, generally at the time of need.

Under certain pre-need contracts, the Company sells memorialization merchandise that is delivered to the customer at the time of sale. Revenue is recognized at the time of delivery when control of the memorialization merchandise is transferred.

For personalized marker merchandise sold under a pre-need contract, if permitted under applicable law, the Company may purchase the merchandise from vendors, personalize merchandise in accordance with the customer's specific written instructions, either store the merchandise or install the merchandise based on the customer's instructions, and transfer title to the customer.

Revenue is recognized and the cost of sales is recorded when control is transferred for the merchandise, which occurs upon delivery or installation of the merchandise at the cemetery.

Funeral services

Funeral services include arranging and directing funeral services, cremations, and other ancillary funeral services. Funeral service performance obligations are satisfied resulting in the recognition of revenue once control transfers to customer upon the completion of the service.

c. Revenue recognition - continued

Investment income - pre-need services and merchandise

The Company is entitled to retain, in certain jurisdictions, the interest, capital gains and dividends within the trusts as earned at the point of time the pre-need contract becomes at-need. The distributions of the above investment income earned are recorded as deferred revenue until the underlying pre-need cemetery or funeral contracts are delivered or performed, respectively. Interest, capital gains, and dividends are recognized in Sales when the contracts are delivered or performed. This investment income is intended to offset inflationary price increases from the time of the pre-need contract to delivery.

Investment income - care and maintenance funds

Deposits from the sale of cemetery property interment rights is required by state or provincial law to be paid by the Company into perpetual care trust funds to maintain the cemetery. Investment earnings from these trusts are distributed regularly and recognized in income from care and maintenance funds by the Company as earned and withdrawn. These distributions are intended to defray cemetery maintenance costs incurred for cemetery properties, which are expensed as incurred.

Commission revenue

Where permitted by state or provincial law, the Company may sell a life insurance or annuity policy from third-party insurance companies, for which the Company earns a commission as general agent for the insurance company. These general agent commissions are based on a percentage per contract sold and are recognized as sales when the insurance purchase transaction between the preneed purchaser and third-party insurance provider is completed. All selling costs incurred pursuant to the sales of insurance-funded preneed contracts are expensed as incurred.

Finance charges

The installment accounts receivable contracts contain a financing component. Finance charges on the uncollected balance of installment accounts receivable are recognized in interest income over the term of the sales agreement using the effective interest method.

d. Deferred revenue and deferred commission

Deferred revenue arises in connection with sales of pre-need cemetery and funeral merchandise and services, the recognition of which is deferred until they meet the requirements of the Company's revenue recognition policies. The corresponding investment income earned on legislated trust fund investments is similarly deferred. Contracts for the sale of pre-need cemetery and funeral merchandise and services can be cancelled by the customer prior to delivery. The Company estimates the portion of deferred revenue that will ultimately be cancelled based on historical experience and current trends. Deferred revenue is net of an allowance for cancellations.

The Company defers incremental commission costs paid as a result of obtaining contracts with customers as deferred commission assets and amortizes these costs to selling and advertising expenses as the related deferred revenues are recognized.

e. Financial instruments

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories: (i) those to be measured subsequently at fair value through profit or loss (FVTPL); (ii) those to be measured subsequently at fair value through other comprehensive income (FVOCI); and (iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in the consolidated statements of earnings or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Amortized cost

This category includes financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the solely principal and interest ("SPPI") criterion. Financial assets classified in this category are measured at amortized cost using the effective interest method.

e. Financial instruments - continued

Fair value through profit or loss

This category includes derivative instruments as well as quoted equity instruments which the Company has not irrevocably elected, at initial recognition or transition, to classify at FVOCI. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Financial assets in this category are recorded at fair value with changes recognized in the consolidated statements of earnings.

Financial assets at fair value through other comprehensive income

Equity instruments that are not held-for-trading can be irrevocably designated to have their change in fair value recognized through other comprehensive income instead of through the consolidated statements of earnings. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are included in the carrying value of the instruments. Financial assets at fair value through other comprehensive income are initially measured at fair value and changes therein are recognized in other comprehensive income.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or a financial liability not measured at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes recognized through the consolidated statements of earnings or other comprehensive income (irrevocable election at the time of recognition).

For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

e. Financial instruments - continued

Fair value measurement

The Company measures financial instruments, convertible debentures and hedge arrangements at fair value at each consolidated statements 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.

Impairment

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

For accounts receivable and pre-need receivables, the Company applies the simplified approach as permitted by IFRS 9. The approach that the Company has taken for accounts receivable and pre-need receivables is a provisional matrix, whereby lifetime expected credit losses are recognized based on aging characterization and credit worthiness of customers. Specific provisions may be used where there is information that a specific customer's expected credit losses have increased.

For impairment of financial assets, IFRS 9 has a forward-looking Expected Credit Loss ("ECL") model. A provision for ECL is recognized at each balance sheet date for all financial assets measured at amortized cost.

e. Financial instruments - continued

The ECL model applied to other financial assets requires judgment, assumptions, and estimations on changes on credit risks, forecasts of future economic conditions and historical information on the credit quality of the financial asset.

	IFRS 9				
	Classification	Measurement			
Cash	Amortized Cost	Amortized Cost			
Accounts receivable	Amortized cost	Amortized cost			
Pre-need receivables	Amortized cost	Amortized cost			
Pre-need merchandise and service trust fund investments	FVTPL and	Fair value and amortized cost			
	amortized cost				
Care and maintenance trust fund investments	FVTPL and	Fair value and amortized cost			
	amortized cost				
Other assets (convertible debt investment)	FVTPL	Fair value			
Dividends payable	Amortized cost	Amortized cost			
Long-term debt	Amortized cost	Amortized cost			
Notes payable	Amortized cost	Amortized cost			
Interest rate swaps	FVTPL	Fair value			
Senior Unsecured Debentures	Amortized cost	Amortized cost			
Deferred pre-need receipts held in trust	FVTPL	Fair value			
Care and maintenance trusts' corpus	FVTPL	Fair value			

f. Accounts receivable

Accounts receivable represent amounts due from customers related to at-need cemetery and funeral contracts and miscellaneous current receivables. To assess the credit risk of accounts receivable, the simplified approach is used by the Company as permitted by IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk. Rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date.

g. Pre-need receivables

Pre-need receivables represent installment accounts receivable due from customers related to pre-need cemetery and funeral contracts. Installment accounts receivable are recorded at amortized cost at the time a contract is signed, net of a provision for cancellations. In jurisdictions that allow contracts for these accounts to be cancelled, the Company provides a cancellation reserve for cemetery receivables. This allowance is based on an analysis of historical and future expected trends of collection and cancellation activity.

Where permitted by provincial or state law, customers may arrange their pre-need funeral contracts by purchasing an insurance policy. The pre-need funeral contracts secured by third party insurance policies are not recorded as assets or liabilities of the Company. See Note 11 to the consolidated financial statements for further information.

h. Inventories

Inventories include unsold merchandise inventories and the unamortized acquisition, construction and development cost of crypts, niches and developed cemetery land. Inventories are carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. Rebates and allowances received from vendors are recognized as a reduction to the cost of inventory unless the rebates clearly relate to the reimbursement of specific expenses.

i. Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. Land is stated at cost less any impairment.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method. Depreciation begins when the property and equipment become available for use. Depreciation is charged to the consolidated statements of earnings.

The estimated useful lives, residual values and depreciation method are reviewed at each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The estimated useful lives of property and equipment of the Company as estimated by management are as follows:

	Annual rates
Building, cemetery and funeral property	20-40 years
Machinery, equipment and automotive	3-7 years
Cemetery improvements	15-20 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

Gains and losses on disposals are determined by comparing net proceeds with carrying amounts and are included in the consolidated statements of earnings.

j. Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, the asset is then tested for impairment by comparing its recoverable amount to its carrying value. Goodwill and indefinite life intangible assets are tested for impairment at least annually.

Assets, including right-of-use assets, are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets. This is referred to as a cash generating unit ("CGU"). The impairment of goodwill is assessed at the CGU, or CGU grouping level to which it was allocated to.

Corporate assets, which include head office facilities, do not generate separate cash inflows. Corporate assets are tested for impairment at the minimum grouping of CGUs to which the corporate assets can be reasonably and consistently allocated. Goodwill arising from a business combination is tested for impairment at the minimum grouping of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of a CGU, or CGU grouping, is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows from the CGU, or CGU grouping, discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU, or CGU grouping. If the CGU, or CGU grouping, includes right-of-use assets in its carrying amount, the post-tax discount rate reflects the risks associated with the exclusion of lease payments from the estimated future cash flows. The fair value less costs to sell is based on the best information available to reflect the amount that could be obtained from the disposal of the CGU, or CGU grouping, in an arm's length transaction between knowledgeable and willing parties, net of estimates of the costs of disposal.

An impairment loss is recognized if the carrying amount of a CGU, or CGU grouping, exceeds its recoverable amount. For asset impairments other than goodwill, the impairment loss reduces the carrying amounts of the non-financial assets in the CGU on a pro-rata basis, up to an asset's individual recoverable amount. Any loss identified from goodwill impairment testing is first applied to reduce the carrying amount of goodwill allocated to the CGU grouping, and then to reduce the carrying amounts of the other non-financial assets in the CGU, or CGU grouping, on a pro-rata basis. Impairment losses and reversals are recognized separately from operations in the consolidated statements of earnings.

For assets other than goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss in respect of goodwill is not reversed.

k. Intangible assets

Intangible assets, either acquired as a result of a business combination or developed internally, are assets that can be identified, are controlled by the Company, and provide future economic benefits to the Company. Intangible assets are recognized at cost, and unless determined to have an indefinite life, are amortized over their expected useful life.

Intangible assets with an indefinite life are tested for impairment on an annual basis or more frequently if there are indicators that the assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount of the asset is estimated to be less than the carrying amount, the carrying amount is reduced to its recoverable amount.

The Company derecognizes the carrying amount of intangible assets on disposal or when no future economic benefits are expected from its use.

	Annual rates
Brand	Indefinite life
Non-compete agreements	Straight-line over term
Computer software	Straight-line over term

1. Borrowing costs

Borrowing costs, if any, directly attributable to the acquisition or construction of a qualifying asset are capitalized. Qualifying assets are those that necessarily take a substantial period of time to prepare for their intended use. The capitalized borrowing cost is calculated by applying the weighted average borrowing rate, giving consideration first to any project-specific borrowings or any directly attributable general borrowings, to the accumulated average costs for the period, until the assets are substantially ready for their intended use. All other borrowing costs are recognized in finance costs in the consolidated statements of earnings in the period in which they occur.

m. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statements of earnings because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of each reporting period.

m. Taxation - continued

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit and is accounted for using the asset and liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill that had no initial tax cost or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted at each reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognized as an expense or income in the consolidated statements of earnings, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination.

n. Share based incentive compensation payments

Deferred share units ("DSUs"), performance share units ("PSUs") and restricted share units ("RSUs") are payments settled for shares or cash, as applicable, which are measured at fair value at the grant date. For DSUs and RSUs, compensation cost is measured at the fair value of the underlying Common Share and is expensed over the award's vesting period. Compensation expense is recognized in the consolidated statements of earnings with a corresponding increase in contributed surplus. At this time, the Company plans to settle DSUs and RSUs for Common Shares, and upon the applicable settlement date, the corresponding amounts previously credited to contributed surplus are transferred to share capital.

In addition, the Company plans to credit all DSUs, PSUs, and RSUs with dividend equivalents in the form of additional DSUs, PSUs, and RSUs, as applicable. Dividend equivalents shall vest in proportion to, and settle in the same manner as, the awards to which they relate. DSUs, PSUs, and RSUs that are dilutive as at the reporting date are considered in the calculation of diluted earnings per share.

Additionally, the Company has granted options to acquire Common Shares ("Options"), including certain performance Options to senior executives, officers, and employees. Each tranche of a performance Option is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option-pricing model and estimating the probability of performance targets being met. Compensation expense is recognized over each tranche's vesting period, based on the number of awards expected to vest, with the offset credited to contributed surplus. When Options are exercised, the amount received is credited to share capital and the fair value attributed to these Options is transferred from contributed surplus to share capital. The impact of a revision of the original estimate is recognized in the consolidated statements of earnings such that the cumulative expense reflects the revised estimate.

The Company also issues Options with no performance criteria. The accounting treatment for these Options are consistent with the performance Options, except that performance targets are not considered in the valuation.

o. Business combinations

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

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

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

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

p. IFRS 16 - Leases

Accounting by the lessee

The Company recognizes a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified asset for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

The right-of-use assets are initially measured at cost, which is comprised of:

- (i) the amount of the initial measurement of the lease liability;
- (ii) any lease payments made at or before the commencement date, less any lease incentives; and
- (iii) any initial direct costs incurred by the lessee.

After the commencement date, the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability. Depreciation is calculated using the straight-line method over the estimated useful life of the asset or over the term of the respective lease. If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.

p. IFRS 16 - Leases - continued

Accounting by the lessee - continued

The lease liability is initially measured at the present value of the lease payments that are not paid at that date, which is comprised of:

- (i) fixed payments, less any lease incentives receivable;
- (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- (iii) amounts expected to be payable by the lessee under residual value guarantees;

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate on the underlying asset. Generally, the Company uses its incremental borrowing rate on the underlying asset as the discount rate. The lease liability is subsequently measured at amortized cost using the effective interest method.

The lease term determined by the Company is comprised of:

- (i) non-cancellable period of lease contracts;
- (ii) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- (iii) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Accounting by the lessor

There are no contracts based in which the Company is acting as a lessor.

3. CRITICAL ESTIMATES AND JUDGEMENTS

Use of estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the period. Actual results could differ from these estimates. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period could result in a material adjustment to the carrying amounts of assets, liabilities, and equity in the event that actual results differ from assumptions.

i) Under IFRS, the Company must determine its cash-generating units grouping ("CGUs") for the purpose of goodwill impairment testing as at December 31, 2023. These CGUs consist of the Company's regional operating units monitored for internal management purposes: Northeast, Central, Midwest, South, West, and Canada. The Company's impairment tests for goodwill and intangible assets are based on the greater of value in use calculations that use a discounted cash flow model and estimated fair value less cost to sell. The Company uses a value in use approach to determine the recoverable amount for its CGUs. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGUs, using an appropriate valuation model. These calculations are corroborated by calculation multiples or other available fair value indicators. The recoverable amount is most sensitive to the post-tax discount rate used for the discounted cash flow model as well as the estimated growth rates and terminal growth rate. Using a five year (and related terminal value) discounted cash flow model, the Company determines the recoverable amount by calculating the value in use. The cash flow forecasts were extrapolated beyond the one year period using an estimated growth rate of 5.3%, terminal growth rate of 3.0% and post-tax discount rates of 9.75% (the equivalent pre-tax discount rates were between 11.2% and 12.1%). The Company has determined that the discount rates reasonably reflect the risks associated with the cash flow projections for the CGUs. The Company allocates the carrying value of goodwill and intangibles acquired from acquisitions to CGUs. An increase of 75 basis points in the post-tax discount rate would not result in an impairment charge.

PARK LAWN CORPORATION NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (U.S. dollars unless otherwise stated)

3. CRITICAL ESTIMATES AND JUDGEMENTS – continued

Use of estimates - continued

- ii) In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant areas of judgement and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent external valuation expert may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. In certain circumstances where estimates have been made, the Company may obtain third-party valuations of certain purchase prices and accounting adjustments.
- iii) In determining an allowance for sales returns, the Company estimates various allowances and/or cancellation reserves for cemetery receivables. These allowances are based on the analysis of historical trends and include, where applicable, collection and cancellation activity.
- iv) In calculating the share-based compensation expense, key estimates such as the rate of forfeiture of awards granted, probability of achieving performance conditions, the expected life of the award, the volatility of the Company's stock price and the risk-free interest rate are used.
- v) In calculating income tax expense, the Company makes significant judgements in interpreting tax rules and regulations. Judgements are made to evaluate whether or not we can recover a deferred tax asset based on our assessment of existing tax laws, estimates of future profitability, and tax planning strategies.

4. ACCOUNTS RECEIVABLE AND PRE-NEED RECEIVABLES

		ecember 31, 2023	Mea	ecember 31, 2022 (Restated, asurement Period djustment - see Note 6)
Accounts receivable	\$	27,474,193	\$	19,856,421
Pre-need receivables, current portion		17,337,975		28,192,812
Pre-need receivables, net of current portion		31,815,330		71,263,116

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

	D	December 31, 2023		ecember 31, 2022
Beginning of the period/year	\$	5,961,068	\$	3,458,600
Additions to allowances		4,279,256		2,823,751
Cancellations		(1,090,506)		(300,414)
Disposed businesses (see Note 32)		(2,324,254)		-
Foreign currency translation		10,213		(20,869)
End of the period/year	\$	6,835,777	\$	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:

	Do	December 31, 2023		ecember 31, 2022
Beginning of the period/year	\$	9,202,423	\$	8,666,042
Additions to allowances		1,869,501		3,848,169
Cancellations		(1,471,041)		(3,311,788)
Disposed businesses (see Note 32)		(6,003,946)		-
End of the period/year	\$	3,596,937	\$	9,202,423

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

PARK LAWN CORPORATION NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (U.S. dollars unless otherwise stated)

5. INVENTORIES

	De	ecember 31, 2023	Mea.	ecember 31, 2022 (Restated, surement Period ljustment - see Note 6)
Merchandise inventories	\$	4,403,723	\$	4,813,998
Cemetery lots		38,243,429		42,562,521
Crypts and niches		11,808,158		31,520,983
Construction in progress		8,614,751		4,934,185
Total	\$	63,070,061	\$	83,831,687
Current portion		10,427,574		11,013,722
Non-current portion	\$	52,642,487	\$	72,817,965

There were no inventory write-downs in either period.

6. BUSINESS COMBINATIONS

Acquisitions completed in fiscal 2023

	Final		Final		Preliminary		Final		Preliminary			Total
	Q1 Acquisitions		Q2	Q2 Acquisitions		Q2 Acquisitions		Q3 Acquisitions		Q4 Acquisitions		
Assets acquired:												
Inventories	\$	195,273	\$	466,604	\$	183,759	\$	106,457	\$	23,529	\$	975,622
Property and equipment		5,682,374		5,684,340		2,340,386		4,544,397		3,019,140		21,270,637
Care and maintenance trust fund investments		-		255,750		216,027		-		-		471,777
Pre-need merchandise and service trust fund investments		1,429,346		10,311,628		-		5,249,256		140,406		17,130,636
Goodwill		6,988,950		8,310,145		1,892,275		4,863,417		-		22,054,787
Intangibles		1,960,000		2,278,000		709,000		2,460,480		237,000		7,644,480
Total assets	\$	16,255,943	\$	27,306,467	\$	5,341,447	\$	17,224,007	\$	3,420,075	\$	69,547,939
Liabilities assumed:												
Deferred revenue	\$	-	\$	781,000	\$	-	\$	-	\$	-	\$	781,000
Care and maintenance trusts' corpus		-		255,750		216,027		-		-		471,777
Deferred pre-need receipts held in trust		1,429,346		10,311,628		-		5,249,256		140,406		17,130,636
		1,429,346		11,348,378		216,027		5,249,256		140,406		18,383,413
Fair value of consideration transferred:												
Cash consideration		14,250,000		15,600,000		4,900,000		11,311,617		3,150,000	\$	49,211,617
Deferred cash consideration		576,597		358,089		225,420		663,134		129,669		1,952,909
		14,826,597		15,958,089		5,125,420		11,974,751		3,279,669		51,164,526
Total liabilities and considerations	\$	16,255,943	\$	27,306,467	\$	5,341,447	\$	17,224,007	\$	3,420,075	\$	69,547,939

- (i) On March 13, 2023, the Company acquired substantially all the assets of Meyer Brothers Funeral Homes ("Meyer"), a business consisting of five stand-alone funeral homes located in Sioux City, Iowa, South Sioux City, Nebraska and Ponca, Nebraska for a purchase price of \$14,826,597.
- (ii) On April 10, 2023, the Company 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 for a purchase price of \$15,958,089.
- (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 for a purchase price of \$5,125,420.
- (iv) On July 17, 2023, the Company acquired substantially all the assets of Ward Funeral Home Limited ("Ward") in Brampton, Woodbridge and Toronto, Ontario, a business consisting of three standalone funeral homes. As part of the acquisition, the Company entered into various lease agreements with the vendor and recognized a right-of-use asset and lease liability of \$8,724,437. The Company also recognized a below market lease asset of \$2,651,691 as part of these lease arrangements and this amount is included in right-of-use asset (see Note 8).
- (v) On August 8, 2023, the Company acquired substantially all the assets of M.W. Becker Funeral Home, Ltd. ("MWB"), a standalone funeral home business in Keswick, Ontario.

6. BUSINESS COMBINATIONS - continued

Acquisitions completed in fiscal 2023 - continued

(vi) On August 14, 2023, the Company acquired substantially all the assets of Forrest & Taylor Funeral Home Limited ("Forrest & Taylor"), a standalone funeral home business in Sutton, Ontario.

The collective purchase price for Ward, MWB and Forrest & Taylor was \$11,974,751.

(vii) On October 16, 2023, the Company acquired substantially all the assets of Christy-Smith Funeral Homes ("Christy-Smith"), a business consisting of two stand-alone funeral homes in Sioux City, Iowa for a purchase price of \$3,279,669.

The purchase price allocation for Meyer, Speaks, Ward, MWB and Forrest & Taylor acquisitions was finalized in the fourth quarter of 2023.

Since the date of acquisition in 2023, the above mentioned acquisitions have contributed \$10,883,111 in revenue and \$1,178,405 in net earnings, excluding acquisition and integration costs. If acquired at the beginning of the year, the Company has estimated that the above mentioned acquisitions would have contributed approximately \$20,600,000 in revenue and approximately \$1,900,000 in net earnings, excluding acquisition and integration costs.

The fair value allocations for Cobb and Christy-Smith 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, property and equipment, goodwill and intangibles and deferred revenue.

6. BUSINESS COMBINATIONS - continued

Acquisitions completed in fiscal 2022

The Company has restated the comparative figures in the consolidated statements 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, Park Lawn Missouri and Jacoby (as defined below). The following table summarizes the effects of the change on the line items of the consolidated statements of financial position for the year ended December 31, 2022.

	December 31,	December 31,
	2022	2022
	As previously stated Adjustments	As restated
Pre-need receivables, net of current portion	<i>71,106,794 156,322</i>	\$ 71,263,116
Inventories, net of current portion	<i>69,399,807 3,418,158</i>	72,817,965
Land held for development	26,881,392 (570,000)	26,311,392
Property and equipment	270,446,079 1,644,687	272,090,766
Goodwill and intangibles	461,704,757 (5,455,903)	456,248,854
Prepaid expenses and other assets	5,050,926 1,422,932	6,473,858
Accounts payable and accrued liabilities	(46,737,441) (1,478,335)	(48,215,776)
Deferred revenue	(169,338,437) 862,139	(168,476,298)
Total	\$ 688,513,877 \$ -	\$ 688,513,877

The following table summarizes the consolidated statements of financial position impact on the acquisition date of the Company's business combinations that occurred in the year ended December 31, 2022:

PARK LAWN CORPORATION NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (U.S. dollars unless otherwise stated)

6. BUSINESS COMBINATIONS - continued

Acquisitions completed in fiscal 2022 - continued

	Final Q2 Acquisitions		Final Q3 Acquisitions		Q4	Final Acquisitions	Total	
Assets acquired:								
Accounts receivable	\$	12,189	\$	9,932	Ş	-	\$	22,121
Pre-need receivables		-		156,321		-		156,321
Inventories		246,817		1,457,029		3,741,762		5,445,608
Land held for development		200,000		99,813		63,200		363,013
Property and equipment		5,495,282		20,340,192		15,453,851		41,289,325
Care and maintenance trust fund investments		168,435		2,122,381		2,262,388		4,553,204
Pre-need merchandise and service trust fund								
investments		143,103		2,891,871		7,323,301		10,358,275
Goodwill		8,392,795		12,355,664		18,462,854		39,211,313
Intangibles		1,498,000		4,003,000		4,796,348		10,297,348
Prepaid expenses and other assets		-		1,533,855		-		1,533,855
Total assets	\$	16,156,621	\$	44,970,058	Ş	52,103,704	\$	113,230,383
Liabilities assumed:								
Accounts payable and accrued liabilities	\$	-	\$	1,488,267	Ş	-	\$	1,488,267
Lease liabilities		20,306		81,447		246,293		348,046
Deferred revenue		11,208		1,511,000		906,995		2,429,203
Care and maintenance trusts' corpus		168,435		2,122,381		2,262,388		4,553,204
Deferred pre-need receipts held in trust		143,103		2,891,871		7,323,301		10,358,275
		343,052		8,094,966		10,738,977		19,176,995
Fair value of consideration transferred:								
Cash consideration		14,800,000		35,555,000		27,912,688		78,267,688
Deferred cash consideration		1,013,569		1,320,092		13,452,039		15,785,700
		15,813,569		36,875,092		41,364,727		94,053,388
Total liabilities and considerations	\$	16,156,621	\$	44,970,058	\$	52,103,704	\$	113,230,383

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

The collective purchase price for Chancellor and Hudson was \$15,813,569.

(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 standalone funeral home and one on-site funeral home and cemetery located in Abingdon, Virginia.

6. **BUSINESS COMBINATIONS – continued**

Acquisitions completed in fiscal 2022 - continued

(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.

The collective purchase price for Farris and Shackelford was \$36,875,092.

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

The collective purchase price for Ertel, Brown's, Taylor, Muehlebach, Park Lawn Missouri and Jacoby was \$41,364,727.

The purchase price allocation for the Chancellor acquisition was finalized in the first quarter of 2023, for Hudson, Farris, Ertel, Brown's, Taylor, Muehlebach and Jacoby acquisitions in the second quarter of 2023, for Shackelford acquisition in the third quarter of 2023 and for Park Lawn Missouri acquisition in the fourth quarter of 2023.

6. BUSINESS COMBINATIONS - continued

Acquisitions completed in fiscal 2022 - continued

The above acquisitions include deferred cash consideration which primarily relates to non-compete agreements and other seller notes. In relation to these acquisitions, the Company incurred expenses on legal services, financial and tax due diligence, post closing audits, preparation of independent valuation reports to substantiate purchase price allocations, preparation of reports for regulatory compliance purposes, and internal compensation. External acquisition costs were \$4,354,894 and \$4,232,141 and internal acquisition costs were \$3,169,530 and \$2,814,328 for the year ended December 31, 2023, and 2022, respectively.

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

Canadian acquisition transactions are initially recognized in USD at the average exchange rates for the period. Subsequently, the assets and liabilities are translated at the rate in effect at the consolidated statements of financial position date.

7. LAND HELD FOR DEVELOPMENT

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

							Deœmber 31, 2023
	January 1, 2023	Acquired in business combinations	Additions	Transferred to inventory	Disposals	Foreign currency translation	(Restated, Measurement Period Adjustment - See Note 6)
Cost:							
Land held for development	26,311,392		1,251,422	(372,841)	(735,672)	(97,475)	26,356,826
Total	\$ 26,311,392						\$ 26,356,826
							December 31, 2022 (Restated,
		Acquired in				Foreign	Measurement Period
	January 1,	business		Transferred to		currency	Adjustment -
	2022	combinations	Additions	inventory	Disposals	translation	See Note 6)
Cost:							
Land held for development	26,247,318	363,013	126,383	(221,627)	-	(203,695)	26,311,392
Total	\$ 26,247,318						\$ 26,311,392

8. PROPERTY AND EQUIPMENT

	January 1, 2023	Acquired in business combinations	Additions	Disposals	Foreign currency translation	December 31, 2023
Cost: Land Buildings, cemetery and	\$ 64,122,275	5,714,516	1,498,500	(4,324,847)	84,854	\$ 67,095,298
funeral property Machinery, equipment and automotive	193,543,750 37,706,534	12,684,780 2,871,341	7,037,362 4,792,157	(21,944,593) (7,947,763)	556,261 116,929	191,877,560 37,539,198
Cemetery improvements Right-of-use asset	10,303,166 8,460,856		505,954 14,101,658	(2,224,218) (578,416)	67,385 312,321	8,652,287 22,296,419
Total	314,136,581	21,270,637	27,935,631	(37,019,837)	1,137,750	327,460,762
Accumulated depreciation: Buildings, cemetery and funeral property Machinery, equipment	19,190,185	-	6,717,448	(4,033,342)	89,669	21,963,960
and automotive Cemetery improvements Right-of-use asset	15,601,699 4,241,378 3,012,553	- -	5,199,664 702,234 2,320,564	(4,374,529) (1,924,741) (169,751)	63,222 28,364 42,917	16,490,056 3,047,235 5,206,283
Total	42,045,815		14,939,910	(10,502,363)	224,172	46,707,534
Net book value	\$ 272,090,766					\$ 280,753,228

	Jan	uary 1, 2022	Acquired in business combinations	Additions	Transfers	Disposals	Foreign currency translation	Ν	ecember 31, 2022 (Restated, feasurement Period justment - See Note 6)
Cost: Land	\$	56,891,055	3,982,000	357,120	3,372,505	(271,560)	(208,845)	\$	64,122,275
Buildings, cemetery and funeral property Machinery, equipment		149,959,754	31,331,566	13,344,944	1,192,282	(685,735)	(1,599,061)		193,543,750
and automotive Cemetery improvements Right-of-use asset		29,040,173 14,598,994 8,296,058	5,625,516 	4,017,934 692,120 3,597,438	(4,564,787)	(710,801) (214,839) (3,455,613)	(266,288) (208,322) (327,270)		37,706,534 10,303,166 8,460,856
Total		258,786,034	41,289,325	22,009,556		(5,338,548)	(2,609,786)		314,136,581
Accumulated depreciation: Buildings, cemetery and funeral property Machinery, equipment		14,849,055	-	5,025,954	-	(469,096)	(215,728)		19,190,185
and automotive Cemetery improvements Right-of-use asset		11,328,757 3,622,149 3,614,563	- - -	4,376,967 728,288 1,742,403	- - -	43,647 (41,802) (2,247,031)	(147,672) (67,257) (97,382)		15,601,699 4,241,378 3,012,553
Total		33,414,524		11,873,612		(2,714,282)	(528,039)		42,045,815
Net book value	\$	225,371,510						\$	272,090,766

Property and equipment depreciation expense amounted to \$14,939,910 and \$11,873,612 for the year ended December 31, 2023, and 2022, respectively. Included in property and equipment is depreciation expense related to corporate assets of \$593,638 and \$412,114 for the year ended December 31, 2023, and 2022, respectively. Depreciation expense is included in general and administrative expenses and corporate general and administrative expenses on the consolidated statements of earnings.

8. PROPERTY AND EQUIPMENT - continued

Included in additions at December 31, 2023, are \$13,309,505 of additions at Canadian cemeteries and funeral sites (at December 31, 2022 - \$5,493,530) and \$14,626,126 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 \$380,182 and \$359,675 for the year ended December 31, 2023, and 2022, respectively. Capitalization rate used to determine the amount of borrowing costs eligible for capitalization was 6.9% and 2.3% for the year ended December 31, 2023, and 2022, respectively.

During the year ended December 31, 2023, the Company disposed of land and miscellaneous equipment for a sale price of \$917,892 realizing a net gain of \$57,813. Also, the Company disposed of property and equipment related to the sale of a non-strategic cemetery business (see Note 26) and substantially all of the assets of The Park Lawn Cemetery Company (USA), Inc., PLC Saber Ltd. and PLC Citadel Ltd. (see Note 32).

During the year ended December 31, 2022, the Company disposed of land and miscellaneous equipment for a sale price of \$2,943,215 realizing a net gain of \$1,893,192.

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

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

9. CARE AND MAINTENANCE TRUST FUND INVESTMENTS

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

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

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

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

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

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

Investment income recognized in operations amounted to \$9,958,758 and \$9,333,384 for the year ended December 31, 2023, and 2022, respectively.

The Company contributed \$10,394,495 and \$9,777,138 to the care and maintenance trust funds for the year ended December 31, 2023, and 2022, respectively.

9. CARE AND MAINTENANCE TRUST FUND INVESTMENTS – continued

Care and maintenance trust fund investments consist of the following:

		Fair Value and A	Amorti	zed Cost		Co	ost	
	December 2023		ember 31, December 31, 2023 2022		December 31, 2023		December 31, 2022	
Cash and cash equivalents	\$	7,897,465	\$	7,865,262	\$	7,884,612	\$	7,865,262
Fixed Income								
Canadian								
Corporate		8,218,181		4,236,363		8,647,844		4,805,071
Government		147,653		143,646		131,785		128,955
US								
Corporate		55,448		718,745		95,305		829,476
Government		-		929,496		-		1,061,705
Equities								
Canadian		34,317,065		49,517,250		29,486,507		42,925,182
US		240		62,946		36		18,731
Canadian Preferred		7,927,936		2,575,322		7,481,225		2,553,175
US Preferred		526,196		82,424		511,942		102,624
Mutual Funds/ETFs								
Equity		26,709,974		36,323,989		24,412,242		38,574,050
Fixed Income		41,645,686		51,938,733		43,675,277		60,932,657
Preferred		18,169,918		23,392,118		22,173,039		30,764,692
Alternative		29,794,901		31,673,308		32,267,044		31,015,692
	\$	175,410,663	\$	209,459,602	\$	176,766,858	\$	221,577,272

10. PRE-NEED MERCHANDISE AND SERVICE TRUST FUND INVESTMENTS

Pre-need merchandise and service trust funds were established as required by provincial and state regulations to hold funds paid in advance of need, for pre-arranged services.

The trustees of the pre-need and service trust funds provide a monthly statement that includes an accounting of interest, dividends, realized capital gains/losses, and unrealized capital gains/losses. 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.

	Fair Value and	Amortized Cost	Co	ost
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 17 , 527 , 721	\$ 34,221,250	\$ 17,527,721	\$ 34,239,751
GIC's	30,841,887	24,540,120	30,841,887	24,540,120
Fixed Income				
Canadian				
Corporate	-	-	-	-
Government	-	-	-	-
US				
Corporate	1,446,909	5,767,732	1,454,502	5,894,672
Government	-	1,268,055	-	1,477,244
Equities				
Canadian	161,907	194,708	122,166	142,512
US	-	1,707,553	-	1,529,347
Canadian Preferred	53,729	5,177	51,084	6,295
US Preferred	9,656	308,328	5,386	392,128
Mutual Funds/ETFs				
Equity	51,265,845	80,465,512	51,173,039	101,710,959
Fixed Income	27,846,038	38,596,985	29,119,854	44,288,872
Preferred		-		-
Alternative	45,720,125	52,217,405	49,749,669	47,639,746
	\$ 174,873,817	\$ 239,292,825	\$ 180,045,308	\$ 261,861,646

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

11. PRE-ARRANGED 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 December 31, 2023, the current face amount of pre-funded policies was \$572,843,945 (as at December 31, 2022 – \$532,083,602). Families who have pre-arranged with the Company will receive a refund from the insurer 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.

12. GOODWILL AND INTANGIBLES

	January 1, 2023	Acquired in business combinations	Additions	Disposals	Foreign currency translation	December 31, 2023
Cost:						
Goodwill	\$ 411,800,332	22,054,787	-	(68,359,133)	357,176	365,853,162
Non-compete agreements	15,476,301	2,727,493	-	-	20,172	18,223,966
Brand	32,397,500	4,916,987	-	-	19,242	37,333,729
Computer software	2,798,659		1,046,354			3,845,013
Total	462,472,792	29,699,267	1,046,354	(68,359,133)	396,590	425,255,870
Accumulated amortization:						
Non-compete agreements	6,090,363	-	1,502,532	-	7,644	7,600,539
Computer software	133,575		122,444			256,019
Total	6,223,938		1,624,976		7,644	7,856,558
Net book value	\$ 456,248,854					\$ 417,399,312

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

12. GOODWILL AND INTANGIBLES - continued

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 aurrency translation	December 31, 2022 (Restated, Measurement Period Adjustment - See Note 6)
Cost:						
Goodwill	\$ 373,510,820	39,211,313	-	-	(921,801)	411,800,332
Non-compete agreements	12,907,091	3,040,348	73,360	(503,000)	(41,498)	15,476,301
Brand	25,140,500	7,257,000	-	-	-	32,397,500
Computer software	2,006,281		792,378			2,798,659
Total	413,564,692	49,508,661	865,738	(503,000)	(963,299)	462,472,792
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	\$ 408,008,591					\$ 456,248,854

Amortization expense amounted to \$1,624,976 and \$1,184,641 for the year ended December 31, 2023, and 2022, respectively.

At December 31, 2023, the Company had approximately \$189,115,681 (at December 31, 2022 – approximately \$222,000,000) of goodwill that is being amortized for tax purposes over 15 years.

12. GOODWILL AND INTANGIBLES - continued

The carrying amount of goodwill and brand attributed to each CGU was as follows:

	December 31,	December 31,
	2023	2023
	Goodwill	Brand
Canada	25,416,788	1,631,229
Northeast	32,605,299	-
Midwest	37,844,930	4,782,000
Central	70,749,099	4,921,000
South	91,080,276	11,035,000
West	108,156,770	14,964,500
Total	\$ 365,853,162	\$ 37,333,729
	December 31, 2022	December 31, 2022
	Goodwill	Brand
Canada	20,201,318	-
Northeast	32,605,299	-
Midwest	66,419,269	3,143,000
Central	70,749,099	5,256,500
South	121,983,844	11,035,000
West	99,841,503	12,963,000
Total	\$ 411,800,332	\$ 32,397,500

13. PREPAID EXPENSES AND OTHER ASSETS

	D	December 31,		ecember 31,
	2023			2022
Total current prepaid expenses and other assets	\$	4,419,298	\$	3,654,259

13. PREPAID EXPENSES AND OTHER ASSETS – continued

	De	ecember 31,	De	ecember 31,
		2023		2022
			Perio	ted, Measurement d Adjustment - See Note 6)
Note receivable		15,049,315		-
Secured convertible debt investment		-		4,634,678
Prepaid expenses and other assets		2,400,591		1,839,180
Total non-current prepaid expenses and other assets	\$	17,449,906	\$	6,473,858

Non-current prepaid expenses and other assets

At December 31, 2023, included in non-current prepaid expenses and other assets is a note receivable from the purchaser of disposed businesses (see Note 32). The note bears interest of 10% per annum with a term of 5 years maturing on December 19, 2028. The note is carried at amortized cost and fair value of the note approximates the book value.

At December 31, 2022, included in non-current prepaid expenses and other assets is a secured debt investment in Humphrey Funeral Home A. W. Miles – Newbigging Chapel Limited ("Humphrey") which was repaid in 2023.

The Company recognized an impairment on other assets of \$153,972 for the year ended December 31, 2022. The impairment was included in other expenses (income) (see Note 26).

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	D	December 31, 2023		ecember 31, 2022
			1	uted, Measurement Adjustment - See Note 6)
Trade payables and accrued liabilities Income taxes payable	\$	35,051,871 1,548,178	\$	47,333,765 882,011
	\$	36,600,049	\$	48,215,776

The average credit period on trade payables was 30 to 60 days in 2023 and 2022.

PARK LAWN CORPORATION NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (U.S. dollars unless otherwise stated)

15. LONG-TERM DEBT

	December 31, 2023			December 31, 2022		
Credit Facility	\$	144,976,250	\$	151,377,460		
Other debt		49,467		91,540		
Deferred financing costs		(866,802)		(1,302,733)		
Total		144,158,915		150,166,267		
Current portion		30,477		43,622		
Non-current portion	\$	144,128,438	\$	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 included a \$60 million tranche that matured on February 21, 2024, which the Company did not renew. 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 29).

15. LONG-TERM DEBT – continued

Credit Facility – continued

As at December 31, 2023, there was \$144,976,250 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 were \$664,613 and \$453,787 for the year ended December 31, 2023, and 2022, respectively. As at December 31, 2023, standby letters of credit were issued utilizing \$545,488 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.

Summary of principal repayments by year

	 2024		2025	2026	2027	2028		Thereafter	Total
Revolving loan facility	\$ -	\$	-	\$ -	\$ 144,976,250	\$	-	\$ -	\$ 144,976,250
Other debt	 30,477		13,532	5,458	-		-	-	49,467
	30,477		13,532	5,458	144,976,250		-	-	145,025,717
Deferred financing costs	-		-	-	(866,802)			-	(866,802)
Total	\$ 30,477	Ş	13,532	\$ 5,458	\$ 144,109,448	\$ -		\$ -	\$ 144,158,915

PARK LAWN CORPORATION NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (U.S. dollars unless otherwise stated)

16. NOTES PAYABLE

	December 31, 2023		D	ecember 31, 2022
Notes payable	\$	14,902,927	\$	25,035,340
Current portion		4,110,625		14,213,582
Non-current portion	\$	10,792,302	\$	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 is non-recourse 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 \$11,864,139 (as at December 31, 2022 \$23,964,265) to former owners of previously acquired businesses, primarily for the deferred consideration and \$1,967,713 (as at December 31, 2022 \$nil) related to the financing of the general business insurance policies. These notes payable have imputed interest rates ranging from 2% to 6% and remaining terms of up to 10 years.

Summary of principal repayments by year

	 2024	2025	2026	2027	2028	1	Thereafter	Total
Notes payable	\$ 4,110,625	\$ 2,110,623	\$ 1,658,842	\$ 1,561,301	\$ 1,304,304	\$	4,157,232	\$ 14,902,927

17. LEASE LIABILITIES

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

	December 31,		D	eæmber 31,
		2023		2022
Future minimum lease payments				
Due in less than one year	\$	2,605,536	\$	1,763,512
Due between one and two years		2,212,457		1,186,609
Due between two and three years		2,010,485		858,187
Due between three and four years		1,710,914		899,430
Due between four and five years		1,481,635		460,358
Due thereafter		12,130,849		1,684,587
Total		22,151,876		6,852,683
Interest		(7,114,470)		(1,089,403)
Present value of minimum lease payments		15,037,406		5,763,280
Current portion		1,841,887		1,501,111
Non-current portion	\$	13,195,519	\$	4,262,169

Lease liabilities interest expense charged to operations amounted to \$823,201 and \$326,322 for the year ended December 31, 2023, and 2022, respectively.

18. SENIOR UNSECURED DEBENTURES

On July 14, 2020, the Company completed a bought deal offering of Senior Unsecured Debentures ("Debentures") due December 31, 2025. A total of C\$75,000,000 aggregate principal amount of Debentures were issued at a price of C\$1,000 per Debenture. PLC also granted the underwriters an option to purchase up to an additional C\$11,250,000 aggregate principal amount of Debentures, on the same terms and conditions. This option was exercised in full following the closing of the offering for total gross proceeds of \$63,344,595 (C\$86,250,000). The issuance included transaction costs of \$3,389,541 (C\$4,615,199). The net proceeds from the offering were used to pay down the Credit Facility to free up capacity to fund potential future acquisition opportunities and for general corporate purposes.

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

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

18. SENIOR UNSECURED DEBENTURES - continued

The balance of the Debentures as at December 31, 2023, is as follows:

D	ecember 31, 2023
\$	65,237,067
	611,953
	(4,198,435)
\$	61,650,585
	631,802
	1,364,179
\$	63,646,566

The Debentures may not be redeemed by the Company prior to December 31, 2023 (the "First Call Date"). On or after the First Call Date and prior to December 31, 2024, the Debentures may be redeemed by the Company, in whole or in part from time to time, on not more than 60 days and not less than 30 days prior notice at a redemption price equal to 102.875% of the principal amount of the Debentures redeemed plus accrued and unpaid interest, if any, up to but excluding the date set for redemption.

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

Interest expense on the Debentures amounted to \$3,675,393 and \$3,813,263 for the year ended December 31, 2023, and 2022, respectively. Accretion expense amounted to \$631,802 and \$611,953 for the year ended December 31, 2023, and 2022, respectively. The transaction costs are amortized over the life of the Debentures, and as of December 31, 2023, the total unamortized portion of the transaction costs was \$1,302,284.

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

19. DEFERRED REVENUE

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

The components of deferred revenue consist of the following:

	December 31, 2023		December 31, 2022		
			'	ited, Measurement I Adjustment - See Note 6)	
Cemetery and funeral merchandise, lots, crypts, and niches	\$	50,364,238	\$	98,531,219	
Cemetery and funeral services		45,465,061		69,945,079	
Total	\$	95,829,299	\$	168,476,298	

20. 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 \$11,452,901 and \$11,939,900 for the year ended December 31, 2023, and 2022, respectively.

21. SHARE CAPITAL

Authorized

Common Shares

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

Shares issued and outstanding

	Number of Common Shares	Amount
Balance January 1, 2022	33,930,209	\$ 509,011,563
Shares issued pursuant to:		
Dividend reinvestment plan (i)	105,387	2,348,834
Equity incentive plan (Note 23)	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)	170,726	\$ 2,967,553
Equity incentive plan (Note 23)	102,675	2,268,253
Shares purchased under normal course issuer bid and held in trust for future		
settlement of share based incentive compensation (iii)	(332,957)	(5,020,385)
Balance December 31, 2023, net of shares held in trust (iii)	33,879,597	\$ 510,552,867

(i) Dividend reinvestment plan

On October 13, 2015, the Company implemented a dividend reinvestment plan, which was subsequently amended and restated on October 19, 2016 and on January 31, 2024 ("DRIP"). The DRIP allows eligible shareholders of PLC to reinvest their cash dividends into additional Common Shares, which will be issued from treasury or purchased on the open market on the applicable dividend payment date. If Common Shares are issued from treasury, the price at which such Common Shares are issued will be the VWAP of the Common Shares over the five business days immediately preceding such dividend payment date less a discount, if any, of up to 5%, at the Company's election. The Company has determined to set the current discount for purchases under the DRIP at 3%. The Company may, subject to the terms of the DRIP, alter or eliminate any discount at any time.

21. 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 Company's EIP (as defined herein). 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 the inception of its NCIB which commenced on August 17, 2022, the Company has purchased 533,942 Common Shares through open market purchases on the TSX and/or alternative Canadian trading systems, at a weighted average price of approximately C\$21.69 per Common Share for total cash consideration, including commission, of \$8,556,649 (C\$11,578,635). For the year ended December 31, 2023, the Company purchased 332,957 Common Shares for aggregate consideration of \$4,803,758 (C\$6,517,147). As at the date hereof, 447,934 Common Shares are held in the Trust for the settlement of awards issued under the EIP.

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.

21. 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 a 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.

The Company has repurchased 533,942 Common Shares in aggregate under NCIB and 447,934 are held in trust.

	Deœmber 31, 2023	December 31, 2022
Common shares repurchased under the NCIB and held in trust (number of shares)		
Outstanding, beginning of the period	200,985	-
Shares purchased	332,957	200,985
Shares used for EIP award redemptions	(86,008)	-
Outstanding, end of the period	447,934	200,985

For the year ended December 31, 2023, the Company repurchased 332,957 Common Shares for aggregate consideration of \$4,803,758 (C\$6,517,147). 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).

	December 31, 2023			December 31, 2022		
Common shares repurchased under the NCIB and held in trust (number of shares) for the period ended Cash consideration paid Premium charged to retained earnings Reduction in common share capital			332,957 4,803,758 (216,627) 5,020,385	\$	200,985 3,752,891 734,793 3,018,098	
Net (loss) earnings for the period			2023 (7,612,614)	\$	2022	
Basic weighted average number of common shares, net of shares held in trust Dilutive effect of equity incentive plan (Note 25) Diluted weighed average number of common shares, net of shares held in trust			34,078,939 736,849 34,815,788		34,173,743 490,271 34,664,014	
Net (loss) earnings per share - basic Net (loss) earnings per share - diluted		\$ \$	(0.223) (0.223)	\$ \$	0.735 0.725	

22. CAPITAL MANAGEMENT

The Company defines capital as the aggregate of shareholders' equity and debt. The Company's equity comprises the shares of the Company subscribed for by the shareholders. On a quarterly basis, as part of its credit agreement with respect to its long-term loan, the Company monitors both its debt service coverage ratio and its interest coverage ratio. The Company continues to meet these requirements. The Board manages the dividend policy and approves the Company's strategic plan to ensure that there is adequate cash flow to fund the Company's operations and safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders.

23. COST OF SALES

Costs related to the sale of property interment rights include the property and construction costs specifically identified by the project. Upon completion of the project, construction costs are charged to expense when the property interment right is delivered. Costs such as direct labour, property, merchandise, direct supplies, and perpetual care are recognized when the merchandise or services are delivered.

	2023		2022
Cost of sales - merchandise	\$	43,295,025	\$ 38,822,791
Cost of sales - cemetery lots, crypts and niches (cost of cemetery property)		6,975,280	7,591,380
Cost of sales - services		6,659,692	5,400,329
Cost of sales - labour		3,207,617	3,289,579
Total cost of sales	\$	60,137,614	\$ 55,104,079

24. FINANCE COSTS

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

	2023	2022		
Finance costs:	 			
Interest on credit facility (Note 15)	\$ 12,757,564	\$	3,054,865	
Interest on Senior Unsecured Debentures (Note 18)	3,675,393		3,813,263	
Interest on other debt and notes payable (Note 15 and 16)	686,305		452,839	
Interest on lease liabilities	823,201		326,322	
Amortization of deferred financing costs (Note 15)	664,613		453,787	
Accretion expense on Senior Unsecured Debentures (Note 18)	631,802		611,953	
Interest capitalized to construction (Note 8)	(380,182)		(359,675)	
Unrealized foreign exchange on finance costs	94,421		(23,615)	
Interest adjustment on interest rate swaps	(698,637)		-	
Total	\$ 18,254,480	\$	8,329,739	

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

25. EQUITY INCENTIVE PLAN

On June 22, 2020, the shareholders of the Company approved a second amended and restated omnibus equity incentive plan (as amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time, the "EIP"). The EIP provides for the grant of DSUs, RSUs, PSUs and options to acquire Common Shares ("Options").

The purpose of the EIP is to, among other things: (i) provide the Company with a mechanism to attract, retain and motivate qualified directors, officers and employees of the Company, including its subsidiaries, (ii) reward directors, officers and employees that have been granted awards under the EIP for their contributions toward the long-term goals and success of the Company, and (iii) enable and encourage such directors, officers and employees to acquire Common Shares as long-term investments and proprietary interests in the Company.

On June 1, 2022, the shareholders of the Company approved an increase to the aggregate maximum number of Common Shares that may be issued upon settlement of awards granted under the EIP by 700,000. The maximum number of Common Shares that may be issued upon the settlement of awards granted under the EIP may not exceed 3,100,000 Common Shares of the Company.

Unless otherwise set forth in the particular award agreement, awards of all DSUs, RSUs and PSUs include a right for such awards to be credited with dividend equivalents in the form of additional DSUs, RSUs and PSUs, as applicable. Dividend equivalents vest in proportion to and settle in the same manner as, the awards to which they relate.

DSUs

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

25. EQUITY INCENTIVE PLAN - continued

DSUs - continued

A DSU is a unit equivalent in value to a Common Share credited by means of a bookkeeping entry in the books of the Company. The number of DSUs granted is determined by the five-day VWAP (the "Market Price"), but their value is tied to the then trading price of PLC's Common Shares. Upon settlement (typically on termination of service), holders will receive, in respect of each vested DSU, one fully paid and non-assessable Common Share or cash. Currently, the Board settles DSUs with the issuance of Common Shares. Subject to the terms of an award agreement, DSUs will vest immediately at the date of grant. DSUs will be granted to non-executive directors of the Company every three months for services

rendered. The DSU costs are expensed to share based incentive compensation as granted. The fair value of the DSU is determined based on the fair value of the Common Shares on the date of issuance.

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

	December 31,	December 31,
	2023	2022
Outstanding, beginning of the period	46,777	47,748
Awarded	18,304	14,825
Redemptions	-	(16,476)
Dividend equivalents	1,053	680
Outstanding, end of the period	66,134	46,777

The compensation expense for DSUs was \$327,410 and \$387,568 for the year ended December 31, 2023 and 2022.

RSUs

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

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

Upon settlement, holders will receive, in respect of each vested RSU, either: (i) one fully paid and nonassessable Common Share, or (ii) subject to the approval of the Plan Administrator, a cash payment determined with reference to the Market Price in the same manner as with DSUs. Currently, the Board's practice has been to settle RSUs with the issuance of Common Shares.

25. EQUITY INCENTIVE PLAN - continued

RSUs - continued

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 December 31, 2023, 6,177 of the awarded and outstanding RSUs have vested. The weighted average issuance price for the year ended December 31, 2023, was \$18.51 or C\$24.97.

	December 31,	December 31,
	2023	2022
Outstanding, beginning of the period	271,524	250,738
Awarded	861,516	69,527
Redemptions	(86,008)	(51,119)
Cancellations/Forfeited	(83,137)	(918)
Dividend equivalents	10,028	3,296
Outstanding, end of the period	973,923	271,524

The compensation expense for RSUs was \$4,314,691 and \$2,854,467 for the year ended December 31, 2023, and 2022.

PSUs

A PSU is a unit equivalent in value to a Common Share credited by means of a bookkeeping entry in the books of the Company. PSUs vest according to the terms of the applicable award agreement. The actual number of share units earned with respect to the three-year performance period is subject to a multiplier (of between 0 and 1.5 times) and based on the average "bonus score" (which itself is determined with reference to the Board-approved annual bonus score card) obtained over a three-year performance period. The PSU costs are expensed to share based incentive compensation when the PSUs vest. The fair value of the PSU is determined based on the fair value of the Common Shares on the date of issuance multiplied by the bonus score. The weighted average issuance price for the year ended December 31, 2023, was \$17.98 or C\$24.27. The awarded and outstanding PSUs vested as at December 31, 2023 was nil.

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

	December 31,	December 31,
	2023	2022
Outstanding, beginning of the period	192,400	112,226
Awarded	99,732	115,983
Redemptions	-	(36,929)
Cancellations/Forfeited	(10,075)	-
Dividend equivalents	4,272	1,120
Outstanding, end of the period	286,329	192,400

The compensation expense for PSUs was \$1,023,100 and \$993,581 for the year ended December 31, 2023, and 2022.

PARK LAWN CORPORATION NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (U.S. dollars unless otherwise stated)

25. EQUITY INCENTIVE PLAN - continued

Options

	Exercise							
	Grant Date	Expiry Date	Price	31-Dec-23	Vested	Unvested		
_	May 21, 2020	May 21, 2025	\$ 15.06	331,667	-	331,667		
	Wei	ghted Average Ex	ercise Price	\$ 15.06	\$ -	\$ 15.06		

	H	Exercise								
Grant Date	Expiry Date	Price	1-Jan-23	Granted	Exercised	Expired	Forfeited	31/12/2023	Vested	Unvested
May 30, 2019	June 30, 2023 \$	19.07	680,000	-	-	(680,000)	-	-	-	-
July 15, 2019	June 30, 2023 \$	21.28	320,000	-	-	(320,000)	-	-	-	-
May 21, 2020	May 21, 2025 \$	15.06	381,667		(16,667)	-	(33,333)	331,667	-	331,667
October 5, 2020	October 30, 2024 \$	20.88	80,000		-	(80,000)	-	-	-	-
			1,461,667	-	(16,667)	(1,080,000)	(33,333)	331,667	-	331,667
	Weighted Average Exe	rcise Price \$	18.60	ş -	\$ - 5	\$ 19.86	\$ 15.06 \$	15.06	\$ -	\$ 15.06

The compensation expense for Options was \$11,280 and \$323,051 for the year ended December 31, 2023, and 2022.

The compensation expenses in respect of EIP awards amounted to \$5,713,588 and \$4,641,574 for the year ended December 31, 2023, and 2022, respectively. Included in the compensation expenses are legal and administrative fees related to the issuance of EIP awards of \$37,107 and \$82,907 for the year ended December 31, 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 in respect of 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.

Included in contributed surplus is \$10,874 of tax expense related to share based payments (at December 31, 2022 - \$3,012,695 of tax benefits). The Company receives a tax deduction in the US for payroll expense relating to share based awards for US employees.

PARK LAWN CORPORATION NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (U.S. dollars unless otherwise stated)

26. OTHER EXPENSES (INCOME)

	2023			2022		
Legal and other costs	\$	815,246	\$	387,145		
(Gain) on disposal of property and equipment (Note 8)		(57,813)		(1,893,192)		
Loss on disposal of businesses (Note 32)		28,148,932		-		
Loss on disposal of non-strategic business		2,579,491		-		
Impairment on other assets (Note 13)		-		153,972		
	\$	31,485,856	\$	(1,352,075)		

Legal and other costs were \$815,246 and \$387,145 for the year ended December 31, 2023, and 2022, respectively. Legal and other costs relate to the preservation of certain historical investments and obligations associated with those investments, as well as costs for the defense of intellectual property created by the Company. Also, included in legal and other costs were \$223,019 of costs relating to a base shelf financing which did not occur during the year. The costs were expensed; however, the base shelf financing expires at the end of 2024.

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.

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27. INCOME TAXES

Income taxes

The following are the major components of the income tax (recovery) expense:

	2023	2022
Current tax expense	\$ 8,001,961	\$ 7,413,834
Deferred tax (recovery) expense	 (8,682,124)	3,094,929
Total	\$ (680,163)	\$ 10,508,763

27. INCOME TAXES - continued

The reconciliation of the difference between the income tax (recovery) expense using the statutory tax rate and the effective tax rate for the years ended December 31, 2023, and 2022 is as follows:

	2023		2022
(Loss) earnings before income taxes	\$	(8,292,777)	\$ 35,633,528
Combined Canadian federal and provincial statutory rates		26.50%	 26.50%
Income taxes based on combined Canadian statutory income tax rates	\$	(2,197,586)	\$ 9,442,885
Unrealized capital gain		-	491,124
Reversal of deferred tax liability on share exchanges		(2,925,903)	-
Share based compensation		1,177,523	830,794
Tax exempt entities		191,637	(61,519)
Difference in foreign tax rates		1,160,127	(409,121)
Impact of non-taxable dividend income		(589,176)	(611,276)
Disposal of non-strategic business and other assets		2,479,420	19,866
Other non-deductible expenses		23,795	 806,010
Income tax (recovery) expense	\$	(680,163)	\$ 10,508,763

27. INCOME TAXES - continued

Deferred tax assets and liabilities

	Ι	December 31, 2023	December 31, 2022		
Deferred Tax Assets (Liabilities)- Canada					
Non-capital losses carried forward-Canada	\$	5,807,940	\$	5,379,533	
Share issuance and finance costs		332,520		1,064,896	
Other deferred tax and intangible assets		530,724		-	
Property and equipment		(1,649,387)		(817,823)	
Unrealized capital gain		-		(3,837,892)	
Net deferred income tax asset	\$	5,021,797	\$	1,788,714	
	Ι	December 31, 2023	D	ecember 31, 2022	
Deferred Tax Assets (Liabilities) - US					
Net operating losses carried forward	\$	124,622	\$	265,253	
Stock Based Compensation		1,173,700		1,203,188	
Other deferred tax assets		121,014		125,099	
Allowance for Cancellations and Bad Debt		2,303,053		2,655,865	
Interest carried forward		1,848,437		-	
Accrued expenses		2,458,323		2,833,470	
Deferred revenue		11,524,770		13,791,153	
Lease liability		468,022		455,164	
Property and equipment		(11,828,578)		(11,582,108)	
Right-of-use asset		(451,140)		(437,408)	
Other deferred tax liabilities		(134,626)		-	
Inventories		(3,528,960)		(3,656,426)	
Goodwill and intangibles		(11,802,696)		(15,410,881)	
Deferred commission		(3,015,077)		(7,336,622)	
Net deferred income tax liability	\$	(10,739,136)	\$	(17,094,252)	

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

Movement in net deferred tax asset (liability) - Canada

	December 31,		December 31,	
		2023		2022
Balance at the beginning of the year	\$	1,788,714	\$	4,859,502
Recognized in profit/loss		2,303,087		(1,451,556)
Recognized in other comprehensive income/loss		834,035		(1,473,800)
Foreign currency translation		95,961		(145,432)
Balance at the end of the year	\$	5,021,797	\$	1,788,714

Deferred tax assets have been recognized in respect of these items because it is probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

27. INCOME TAXES – continued

Movement in net deferred tax asset (liability) - US

	December 31, 2023		December 31, 2022	
Balance at the beginning of the year	\$	(17,094,252)	\$	(12,282,702)
Recognized in profit/loss		6,379,038		(1,643,373)
Recognized in equity		(23,922)		(3,168,177)
Goodwill		-		-
Balance at the end of the year	\$	(10,739,136)	\$	(17,094,252)

The Company's Canadian non-capital losses expire as follows:

2026	\$ 17,308
2028	70,461
2031	20,466
2032	9,815
2034	3,809
2035	3,921
2036	1,487,270
2037	2,237,183
2038	2,071,940
2039	4,545,781
2040	6,236,825
2041	3,588,235
2042	1,227,708
2043	 517,890
	\$ 22,038,612

28. RELATED PARTY TRANSACTIONS AND BALANCES

Key management compensation

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

	2023		2022		
Key management compensation	\$	7,471,682	Ş	5,777,969	
Directors' fees		465,388		570,684	
Total ⁽¹⁾	\$	7,937,070	\$	6,348,653	

⁽¹⁾ Chief Strategy Officer compensation is not induded in 2022 key management compensation. Chief Strategy Officer appointed in 2023.

Directors' fees and key management compensation included in share-based incentive were \$4,207,124 and \$3,348,237 for the year ended December 31, 2023, and 2022, respectively. Key management compensation included in acquisition and integration costs were \$947,681 and \$670,000 for the year ended December 31, 2023, and 2022, respectively. As at December 31, 2023, included in accounts payable and accrued liabilities are directors' fees and key management compensation of \$1,679,309 (as at December 31, 2022 - \$1,038,245).

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 ("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, consisting of three stand-alone funeral homes located in Brampton, Woodbridge and Toronto, Ontario. 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 (see Note 6 iv).

29. 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; and
- Level 3 includes inputs for the assets or liability that are not based on observable market data.

As at December 31, 2023, the Debentures (see Note 18) are valued under Level 2 and have a fair value of \$64,418,361 (as at December 31, 2022 - \$63,041,591).

As at December 31, 2023, the care and maintenance and pre-need merchandise and service trust funds and related liabilities are carried at fair value under Level 1, Level 2, Level 3, and amortized cost.

Fair value of financial instruments - continued

The trust assets are valued as follows:

Care and maintenance trust fund investments at December 31, 2023

	Cost	Level 1 Quoted market price	Level 2 Valuation technique - observable market inputs	Level 3 Valuation technique - non- observable market inputs	Amortized cost	Total fair value
Cash and cash equivalents	\$ 7,884,612	\$ -	\$ -	\$ -	\$ 7,897,465	\$ 7,897,465
Fixed Income						
Canadian						
Corporate	8,647,844	4,445,681	-	-	3,772,500	8,218,181
Government	131,785	147,653	-	-	-	147,653
US						
Corporate	95,305	55,448	-	-	-	55,448
Government	-	-	-	-	-	-
Equities						
Canadian	29,486,507	34,317,065	-	-	-	34,317,065
US	36	240	-	-	-	240
Canadian Preferred	7,481,225	7,927,936	-	-	-	7,927,936
US Preferred	511,942	526,196	-	-	-	526,196
Mutual Funds/ETFs						
Equity	24,412,242	26,709,974	-	-	-	26,709,974
Fixed Income	43,675,277	41,645,686	-	-	-	41,645,686
Preferred	22,173,039	18,169,918	-	-	-	18,169,918
Alternative	32,267,044			29,794,901		29,794,901
	\$ 176,766,858	\$ 133,945,797	<u></u> -	\$ 29,794,901	\$ 11,669,965	\$ 175,410,663

Care and maintenance trust fund investments at December 31, 2022

	Cost	Level 1 Quoted mark price	et	observable		Level 3 Valuation technique - non- observable market inputs		1	Amortized cost	Tot	tal fair value
Cash and cash equivalents	\$ 7,865,262	\$	-	\$	-	\$	-	\$	7,865,262	Ş	7,865,262
Fixed Income											
Canadian											
Corporate	4,805,071	544,8	63		-		-		3,691,500		4,236,363
Government	128,955	143,6	46		-		-		-		143,646
US											
Corporate	829,476	666,45	52		-		-		52,293		718,745
Government	1,061,705	929,49	6		-		-		-		929,496
Equities											
Canadian	42,925,182	49,517,25	50		-		-		-		49,517,250
US	18,731	62,94	16		-		=		-		62,946
Canadian Preferred	2,553,175	2,575,32	22		-		-		-		2,575,322
US Preferred	102,624	82,42	24		-		=		-		82,424
Mutual Funds/ETFs											
Equity	38,574,050	36,323,98	39		-		-		-		36,323,989
Fixed Income	60,932,657	51,938,73	33		-		=		-		51,938,733
Preferred	30,764,692	23,392,11	8		-		-		-		23,392,118
Alternative	 31,015,692		-		-		31,673,308		-		31,673,308
	\$ 221,577,272	\$ 166,177,23	59	\$	_	\$ 3	31,673,308	\$	11,609,055	\$ 2	209,459,602

	January 1, 2023	Investment purchases	Investment dispositions	Capital distributions	Foreign exchange	Change in fair value	December 31, 2023
Alternative	31,673,308	9,723,462	(2,870,889)	(25,801)	135,976	(8,841,155)	29,794,901
Total	\$ 31,673,308						\$ 29,794,901
	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

Fair value of financial instruments - continued

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.

Fair value of financial instruments - continued

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

	Cost	Level 1 Quoted market price	Level 2 Valuation technique - observable market inputs	Level 3 Valuation technique - non- observable market inputs	Amortized cost	Total fair value	
Cash and cash equivalents	\$ 17,527,721	\$ -	\$ -	\$ -	\$ 17,527,721	\$ 17,527,721	
GIC's	30,841,887	-	30,841,887	-	-	30,841,887	
Fixed Income							
Canadian							
Corporate	-	-	-	-	-	-	
Government	-	-	-	-	-	-	
US							
Corporate	1,454,502	1,446,909	-	-	-	1,446,909	
Government	-	-	-	-	-	-	
Equities							
Canadian	122,166	161,907	-	-	-	161,907	
US	-	-	-	-	-	-	
Canadian Preferred	51,084	53,729	-	-	-	53,729	
US Preferred	5,386	9,656	-	-	-	9,656	
Mutual Funds/ETFs							
Equity	51,173,039	51,265,845	-	-	-	51,265,845	
Fixed Income	29,119,854	27,846,038	-	-	-	27,846,038	
Preferred	-	-	-	-	-	-	
Alternative	49,749,669			45,720,125		45,720,125	
	\$ 180,045,308	\$ 80,784,084	\$ 30,841,887	\$ 45,720,125	\$ 17,527,721	\$ 174,873,817	

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

		Level 1	Level 2	Level 3	Amortized	
			Valuation	Valuation	cost	
			technique -	technique - non-		
		Quoted market	observable	observable		
	Cost	price	market inputs	market inputs		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

	January 1, 2023	Investment purchases	Investment dispositions	Capital Distributions	Foreign exchange	Change in fair value	December 31, 2023
Alternative	52,217,405	7,987,744	(7,550,048)	(324,469)	-	(6,610,507)	45,720,125
Total	\$ 52,217,405						\$ 45,720,125
	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

Fair value of financial instruments - continued

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.

Fair value of financial instruments - continued

(i) Credit risk

The Company's exposure to credit risk relates to its accounts receivable, pre-need receivables and other assets. The Company grants credit to customers in the normal course of business. The credit risk associated with cemetery and pre-need cemetery receivables due from customers is generally considered minimal, because of the diversification of our customer base, burials are not performed until customer balances are paid in full, and bad debts have not been significant relative to the volume of business. Collections from customers on pre-need funeral or cemetery contracts that are either placed in regulated trusts or used to pay life insurance contracts do not subject the Company to collection risk as the revenue on such contracts has not been recognized.

In the opinion of management, none of the amounts comprising accounts receivable, pre-need receivables and other assets were considered impaired, except as provided for as bad debt expenses. The Company provides an allowance for losses based on a review of the current aging of receivables, historical experience, current and future and short-term business conditions, and management judgement.

(ii) Investment risk

The Company retains independent trustees to manage the funds deposited into the cemetery perpetual care trust and the cemetery and funeral pre-need trusts. The trustees together with input from the Company develop an Investment Policy Statement that governs the management of the funds including compliance with any legislative requirements of provincial or state regulators, the asset allocation of each fund, and the selection of investment managers. The assets of the pre-need merchandise and service trust funds and perpetual care trust funds are invested according to the Company's investment policy statement by independent investment managers.

The Investment Committee of the Board of the Company regularly reviews both compliance and performance of the individual investments. The Company does not consider there to be a significant credit risk for its investments based on investment grade ratings and performance criteria used in selecting investments.

Fair value of financial instruments - continued

(iii) Liquidity risk

The Company is exposed to liquidity risk to the extent that it must meet its financial obligations when due. The Company's approach to managing liquidity risk is to ensure that it always has sufficient cash and other current financial assets to meet its obligations when due without incurring unacceptable losses or damage to the Company's reputation. Management forecasts cash flows to identify financing requirements. These requirements are then addressed through a combination of cash management and access to additional capital.

(iv) Market risk

Pre-need merchandise and service trust fund investments

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

Care and maintenance trust fund investments

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

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

(v) Foreign exchange risk

The consolidated financial statements are presented in U.S. dollars. Each entity within the consolidated group determines its own functional currency. Foreign exchange risk is the risk that fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT – continued

Fair value of financial instruments - continued

(v) Foreign exchange risk - continued

A portion of the Company's earnings is generated from Canadian operations, resulting in the Company being subject to foreign currency fluctuations which may impact its financial position and results.

The Company has exposure to the U.S. dollar with respect to amounts repatriated to Canada to fund its interest and principal repayments on its Credit Facility and to fund its dividend payments. The Company regularly reviews its currency hedging strategy and makes its decision based on market conditions. As at December 31, 2023, the Company did not have any foreign currency hedges in place.

(vi) Interest rate risk

Interest rate risk on trust investments

In the opinion of management, the Company has an acceptable level of interest rate risk with respect to the trust fund investments as the majority of the investments bearing interest are invested in fixed rate securities with varying maturities and an average period to maturity of 5 years or less. There has been no change in the Company's risk exposure and processes for risk management and measurement from 2022. The Company believes that a 1% increase or decrease in the variable market interest rate would not affect Company earnings from pre-need merchandise and service trusts or the perpetual care trust funds.

(vii) Interest rate on Credit Facility

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 statements of earnings and comprehensive income.

As of December 31, 2023, a 100 basis-point change in interest rates, assuming all other variables are constant, would result in a \$449,763 change in the Company's finance costs over the next 12 months excluding the impact of the \$100 million interest rate swaps.

(viii) 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.

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT – continued

Fair value of financial instruments – continued

(viii) Interest rate swaps - continued

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 \$510,147 and \$nil for the year ended December 31, 2023, and 2022, respectively.

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

	Maturity date	Fixed rate	Notional amount	Carrying value and fair value
Interest rate swap agreements, as of December 31, 2023				
Interest rate swap agreement	2/27/2026	4.372%	50,000,000	438,156
Interest rate swap agreement	3/3/2026	4.520%	25,000,000	283,653
Interest rate swap agreement	4/3/2025	3.900%	25,000,000	(211,662)
			\$ 100,000,000	\$ 510,147

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 statements of earnings and comprehensive income.

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT – continued

Fair value of financial instruments - continued

(viii) Interest rate swaps - continued

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

	De	ecember 31,
		2023
Interest rate swaps at January 1, 2023	\$	-
Fair value adjustment on interest rate swaps		510,147
Interest rate swaps at December 31, 2023	\$	510,147

(ix) Other price risk

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

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

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

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

30. 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.

Commitments

The Company has 11 ongoing commitments with the remaining balance of \$58,532,824 for the construction of funeral homes and mausoleums, cemetery developments in the United States, long-term commitment with one of its principal suppliers, commercial property lease for new corporate head office space in Houston, Texas and a construction commitment for the new space. To date, the Company spent \$11,508,599 on these commitments.

To remain competitive with low-end providers, effective February 1, 2023, PLC entered into 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.

On September 19, 2023, the Company entered into a commercial property lease for new corporate head office space in Houston, Texas with an expected commencement date in the third quarter of 2024. The lease is for 135 months and the base rent is approximately \$1,000,000 per annum.

31. 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.

PARK LAWN CORPORATION NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (U.S. dollars unless otherwise stated)

31. SEGMENTED INFORMATION - continued

Geographic information

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

	 December 31, 2023		December 31, 2022
Canada United States	\$ 202,821,915 1,068,971,725	\$	171,249,043 1,308,374,618
Total	\$ 1,271,793,640	\$	1,479,623,661

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

	 December 31, 2023		December 31, 2022
Canada	\$ 207,560,589	\$	172,678,576
United States	 527,062,422		755,349,095
Total	\$ 734,623,011	\$	928,027,671

31. SEGMENTED INFORMATION - continued

Geographic information - continued

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:

	Twelve Months Ended December 31,			
	2023	2022		
Revenue:				
Sales:				
Canada	\$ 31,090,277	\$ 29,102,171		
United States	300,972,108	282,527,973		
Total sales	332,062,385	311,630,144		
Income from care and maintenance funds:				
Canada	3,661,463	3,668,724		
United States	6,297,295	5,664,660		
Total income from care and maintenance funds	9,958,758	9,333,384		
Interest and other income:				
Canada	408,196	363,945		
United States	5,171,612	4,782,645		
Total interest and other income	5,579,808	5,146,590		
Total revenue:				
Canada	35,159,936	33,134,840		
United States	312,441,015	292,975,278		
Total revenue	\$ 347,600,951	\$ 326,110,118		
Total net (loss) earnings:				
Canada ⁽¹⁾	(10,799,274)	(8,033,642)		
United States	3,186,660	33,158,407		
Total net (loss) earnings	\$ (7,612,614)	\$ 25,124,765		

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

31. SEGMENTED INFORMATION - continued

Operating segments

	Twelve Months Ended December 31, 2023				
	Cemetery Funeral Home C		Corporate	Total	
Revenue					
Sales	\$ 128,644,374	\$ 203,418,011	\$ -	\$ 332,062,385	
Income from care and maintenance funds	9,958,758	-	-	9,958,758	
Interest and other income	4,357,360	990,422	232,026	5,579,808	
Total revenue	142,960,492	204,408,433	232,026	347,600,951	
Operating expenses					
Cost of sales	32,190,528	27,947,086	-	60,137,614	
General and administrative	37,042,174	105,864,471	-	142,906,645	
Maintenanœ	21,205,452	5,766,633	-	26,972,085	
Advertising and selling	18,389,277	10,601,309	-	28,990,586	
Total operating expenses	108,827,431	150,179,499	-	259,006,930	
Revenue less operating expenses	34,133,061	54,228,934	232,026	88,594,021	
Other expenses					
Corporate general and administrative	-	-	31,773,327	31,773,327	
Amortization of intangibles	65,820	1,436,712	122,444	1,624,976	
Finance costs	183,588	1,066,688	17,004,204	18,254,480	
Fair value adjustment on interest rate swaps	-	-	510,147	510,147	
Share-based incentive compensation	-	-	5,713,588	5,713,588	
Acquisition and integration costs	40,604	874,521	6,609,299	7,524,424	
Other (income) expenses		(57,813)	31,543,669	31,485,856	
Total other expenses	290,012	3,320,108	93,276,678	96,886,798	
(Loss) earnings before income taxes	33,843,049	50,908,826	(93,044,652)	(8,292,777)	
Income tax expense (recovery)	9,137,623	13,745,383	(23,563,169)	(680,163)	
Net (loss) earnings for the period	\$ 24,705,426	\$ 37,163,443	\$ (69,481,483)	\$ (7,612,614)	

31. SEGMENTED INFORMATION - continued

Operating segments - continued

	Twelve Months Ended December 31, 2022				
	Cemetery	Cemetery Funeral Home		Total	
Revenue					
Sales	\$ 136,963,786	\$ 174,666,358	\$ -	\$ 311,630,144	
Income from care and maintenance funds	9,333,384	-	-	9,333,384	
Interest and other income	4,111,506	780,925	254,159	5,146,590	
Total revenue	150,408,676	175,447,283	254,159	326,110,118	
Operating expenses					
Cost of sales	29,834,454	25,269,625	-	55,104,079	
General and administrative	41,881,252	91,312,530	-	133,193,782	
Maintenance	21,624,899	5,323,833	-	26,948,732	
Advertising and selling	19,731,648	10,292,513	-	30,024,161	
Total operating expenses	113,072,253	132,198,501	-	245,270,754	
Revenue less Operating Expenses	37,336,423	43,248,782	254,159	80,839,364	
Other expenses					
Corporate general and administrative	-	-	25,355,488	25,355,488	
Amortization of intangibles	-	1,051,066	133,575	1,184,641	
Finance costs	449,335	578,936	7,301,468	8,329,739	
Share-based incentive compensation	-	-	4,641,574	4,641,574	
Acquisition and integration costs	4,418	1,670,216	5,371,835	7,046,469	
Other (income) expenses	(1,904,476)) 11,283	541,118	(1,352,075)	
Total other expenses	(1,450,723)	3,311,501	43,345,058	45,205,836	
(Loss) earnings before income taxes	38,787,146	39,937,281	(43,090,899)	35,633,528	
Income tax expense (recovery)	10,472,529	10,783,067	(10,746,833)	10,508,763	
Net (loss) earnings for the period	\$ 28,314,617	\$ 29,154,214	\$ (32,344,066)	\$ 25,124,765	

32. DISPOSAL OF BUSINESSES

On December 20, 2023, PLC completed the divestiture of substantially all of the assets of The Park Lawn Cemetery Company (USA), Inc., PLC Saber Ltd. and PLC Citadel Ltd. The divestiture included 72 cemeteries in Kentucky, Michigan, North Carolina and South Carolina and 11 funeral homes in Kentucky and North Carolina. The transaction was valued at \$70,000,000, consisting of \$55,000,000 in cash and the remaining \$15,000,000 in deferred compensation, bearing interest at 10% per annum, to be received by PLC within 5 years following the closing of the transaction. Transaction costs were \$4,825,888 and resulted in a loss of \$28,148,932.

The major classes of assets and liabilities disposed of are as follows:

	December 31, 2023		
Assets:			
Cash	\$	3,009,629	
Accounts receivable		2,542,717	
Pre-need receivables		34,397,138	
Inventories		21,356,645	
Prepaid expenses and other assets		898,517	
Land held for development		735,673	
Property and equipment		24,240,196	
Care and maintenance trust fund investments		40,197,039	
Pre-need merchandise and service trust fund investments		83,363,046	
Goodwill		68,359,132	
Deferred commission		18,624,720	
Assets held for sale	\$	297,724,452	
Liabilities:			
Accounts payable and accrued liabilities	\$	3,619,997	
Lease liabilities		33,502	
Deferred revenue		77,187,824	
Care and maintenance trusts' corpus		40,197,039	
Deferred pre-need receipts held in trust		83,363,046	
Liabilities directly associated with assets held for sale		204,401,408	
Net assets directly associated with disposal group	\$	93,323,044	

33. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the December 31, 2023, consolidated statements of earnings with no effect on our previously reported results of operations, consolidated financial position, or consolidated cash flows to better reflect the nature of the expenses.

PARK LAWN CORPORATION NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (U.S. dollars unless otherwise stated)

33. COMPARATIVE FIGURES – continued

	2022				2022
	Previously stated		Reclassifications		
Sales	\$ 311,	,687,734 \$	(57,590)	\$	311,630,144
Interest and other income	5,	,089,000	57,590		5,146,590
Cost of sales	54,	,656,639	447,440		55,104,079
General and administrative	156,	,299,935	(156,299,935)		-
General and administrative, operating		-	133,193,782		133,193,782
General and administrative, corporate		-	25,355,488		25,355,488
Maintenanœ	27,	,650,020	(701,288)		26,948,732
Advertising and selling	32,	,019,648	(1,995,487)		30,024,161

34. SUBSEQUENT EVENTS

On February 20, 2024, PLC acquired substantially all the assets of Crippin Funeral Home located in Montrose, Colorado; Gunnison Funeral Services located in Gunnison, Colorado; and Grand View Cemetery located in Montrose, Colorado (collectively, "Crippin"). The Crippin acquisition expands PLC's footprint on the Western Slope through the addition of two stand-alone funeral homes and one stand-alone cemetery.







MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ending December 31, 2023



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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 year ended December 31, 2023. This discussion should be read in conjunction with the Company's consolidated financial statements and accompanying notes for the year ended December 31, 2023. Information contained in this MD&A is based on information available to management as of March 7, 2024. 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 <u>www.sedarplus.com</u> under the Company's profile and on the Company's website at <u>www.parklawncorp.com</u>.

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 2024 Financial Outlook, statements regarding its anticipated annual average acquisition spend, the EBITDA (as defined below) multiples that the Company generally expects to pay for acquisitions, the anticipated financial impact of recent and pending acquisitions and divestitures completed by the Company, expected synergies of acquisitions completed or to be completed by the Company, expectations regarding the Company's dividend policy, the Company's business generally, future development and construction, future financial position and business strategy, the deathcare industry, potential acquisitions, potential business partnering's, 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 the Company's business outlook, objectives, plans and strategic priorities may not be achieved. Forward-looking statements are not guarantees of future performance or events, and actual performance, events or results may differ materially from these forward-looking statements. Forward-looking information is 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 information in this MD&A, including: 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; that recent and future acquisitions will perform as expected and that recent acquisitions and divestitures will have a positive impact on the operations and financial standing of the Company; 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 and dispositions; PLC will continue to effectively integrate the strategic partners and acquired businesses into the Company's existing operations; 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 assumptions underlying such forward-looking information are reasonable, there can be no assurance that such assumptions 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 risk factors that could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking information, including, but not limited to, risks associated with: the impact of higher interest rates on the Company's business; 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; political conflict, including from the economic sanctions imposed or to be imposed as a result thereof; 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 purchase by the Company of Common Shares pursuant to its normal course issuer bid; 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; pandemic, epidemic and other public health risks, and the adverse effects from the measures implemented or to be implemented as a result thereof; 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, 2023 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 forwardlooking information.

Key Assumptions Underlying PLC's 2024 Financial Outlook

In addition to the assumptions and risks described above, the Company's 2024 Financial Outlook is based on many assumptions, including, but not limited to, the following material assumptions for the full-year 2024: that PLC will continue to grow organically through initiatives such as development of new inventory and business locations (i.e. on-sites), as well as inorganically through mergers and acquisitions in the approximate amount of \$50-\$100 million on average per year; that mortality remain flat to slightly depressed from the impacts of the pull-forward effect associated with the COVID-19 pandemic; that corporate costs will remain relatively consistent with prior periods as we continue to enhance our corporate support facilities and resources, and continue to pursue M&A growth , deployment and integration of PLC's proprietary industry software, FaCTSTM; 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; average supplier prices consistent with external price curves and internal forecasts; no significant event occurring outside the ordinary course of business such as a natural disaster, pandemic or other calamity; and interest rates remaining relatively stable throughout 2024.



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 information herein does 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, Material Accounting Policies and Critical Estimates

The Company's consolidated financial statements for the year ended December 31, 2023, and accompanying notes (the "**Notes**") have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board and using accounting policies described therein, and are presented in U.S. dollars, except where otherwise indicated. The Company's material 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, 2023. There have been no material changes in the Company's material accounting policies or critical accounting estimates during the period ended December 31, 2023.

Consolidation

The Company's consolidated financial statements for the year ended December 31, 2023, include the accounts of the Company and its subsidiaries. All significant accounts and transactions between consolidated entities are eliminated.

Currency

The Company's 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 period end exchange rates as well as average exchange rates for the three and twelve months ended December 31, 2023, and 2022.

CAD/USD Exchange Rate	Three months ended,		Twelve months ended,		
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	
Closing rate at the reporting date	0.7545	0.7383	0.7545	0.7383	
Average rate for the period	0.7344	0.7369	0.7411	0.7689	

Impairment of Non-Financial Assets

Under IFRS, the Company must determine its cash-generating units grouping ("**CGUs**") for the purpose of goodwill impairment testing as at December 31, 2023. These CGUs consist of the Company's regional operating units: Northeast, Central, Midwest, South, West, and Canada. The Company's impairment tests for goodwill and intangible assets are based on the greater of value in use calculations that use a discounted cash flow model and estimated fair value less cost to sell. The Company uses a value in use approach to determine the recoverable amount for its CGUs. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGUs, using an appropriate valuation model. These calculations are corroborated by calculation multiples or other available fair value indicators. The recoverable amount is most sensitive to the post-tax discount rate used for the discounted cash flow model as well as the estimated growth rates and terminal growth rate. Using a five year (and related terminal value) discounted cash flow model, the Company determines the recoverable amount by calculating the value in use. The cash flow forecasts were extrapolated beyond the one-year period using an estimated growth rate of 5.3%, terminal growth rate of 3.0% and post-tax discount rates of 9.75% (the equivalent pre-tax discount rates were between 11.2% and 12.1%). The Company has determined that the discount rates reasonably reflect the risks associated with the cash flow projections for the CGUs. The Company allocates the carrying value of goodwill and intangibles acquired from acquisitions to CGUs. An increase of 75 basis points in the post-tax discount rate would not result in an impairment charge.

Business Combinations

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

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

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

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

Allowances

In determining an allowance for sales cancellations and/or refunds, the Company provides various allowances and/or cancellation reserves for cemetery receivables. These allowances are based on the analysis of historical trends and include, where applicable, collection and cancellation activity.

Share-Based Compensation

In calculating the share-based compensation expense, key estimates such as the rate of forfeiture of options granted, probability of achieving performance conditions, the expected life of the option, the volatility of the Company's stock price and the risk-free interest rate are used.



Income Tax Expense

In calculating income tax (recovery) expense, the Company makes significant judgements in interpreting tax rules and regulations. Judgements are made to evaluate whether or not we can recover a deferred tax asset based on our assessment of existing tax laws, estimates of future profitability, and tax planning strategies.

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, sharebased 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 cost of cemetery property). The Company believes that EBITDA is 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 Adjusted EBITDA 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.

- **EBITDA Margin** The Company calculates EBITDA Margin as EBITDA as a percentage of total revenue. The Company believes 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 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 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 the Company's existing operations, inventory additions to its cemetery properties, and lease



payments. The Company believes that 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 the Company's ability to strengthen its balance sheet, repay its 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 December 31, 2023.
- Comparable Cemetery Operations means Comparable Operations from the Company's cemetery businesses.
- **Comparable Funeral Operations** means Comparable Operations from the Company's funeral businesses.
- Acquired Operations consists of business units or operating locations acquired by the Company during the period from January 1, 2022, and ending December 31, 2023.
- Total Debt consists of the aggregate of the book value of long-term debt, notes payable, lease liabilities, hedging arrangements and senior unsecured debentures (the "Debentures"), plus associated deferred financing costs and debt issuance costs.
- Leverage Ratio is defined in the fourth amended and restated credit agreement between the Company and one of its U.S. subsidiaries as borrowers, and a syndicate of lenders led by National Bank of Canada, dated February 21, 2023 (as amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time, the "Credit Facility"), and is calculated as total indebtedness to trailing twelve months Adjusted EBITDA. Total indebtedness as defined in the Credit Facility, includes the face value of bank debt, mortgages, vehicle loans, notes payable, lease liabilities, hedge arrangements and letters of credit, and is offset by cash on hand. Trailing twelve months Adjusted EBITDA 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.

• **Disposed Businesses** – consists of the Company's divestiture of substantially all of the assets of The Park Lawn Cemetery Company (USA), Inc. PLC Saber Ltd. and PLC Citadel Ltd. on December 20, 2023, which included 72 cemeteries in Kentucky, Michigan, North Carolina and 11 funeral homes in Kentucky and North Carolina.

Overview

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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 funeral, cremation and cemetery provider, with cemeteries, crematoria, funeral homes, chapels and event centers throughout Canada and the United States providing a full range of services and merchandise for families seeking to honor their loved ones. Products and services can be customized to meet the personal needs of the consumer and are sold on a pre-planned basis (pre-need) or at the time of a death (at-need). As at the date hereof, PLC owns and operates 175 funeral homes and 74 cemeteries inclusive of 33 on-sites (funeral home and cemetery combinations) across 3 Canadian provinces and 17 U.S. states.

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. In support of this goal, the Company focuses on streamlining and improving its operational efficiencies, and on acquiring companies that 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 standalone 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 more detailed discussion of certain risks applicable to the Company are included in the Company's AIF.

During the three and twelve month period ended December 31, 2023, PLC's operating performance continued to normalize as death rates returned to pre-pandemic levels, 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.

Update on PLC's Aspirational Growth Targets and 2024 Financial Outlook

In the first quarter of 2022, the Company announced two long-term aspirational growth targets to achieve by the conclusion of the 2026 calendar year: (a) a total of \$150 million of pro forma Adjusted EBITDA and (b) Adjusted Net Earnings Per Share exceeding \$2.00. Since that time, there have been significant changes in the broader macroeconomic environment that have negatively impacted PLC's capital environment, most notably increased interest rates. Likewise, at the end of 2023, PLC disposed of a large number of legacy businesses in Michigan, Kentucky, North Carolina, and South Carolina which did not organically fit within its model operating structure. Due to these material changes in the Company's operating environment, PLC is withdrawing its aspirational growth targets set in early 2022.

While the Company no longer believes the 2022 aspirational targets are an appropriate measure of the Company's projected performance, the withdrawal of these aspirational growth targets is not intended to convey a change in the overall strategy of the Company. The Company will continue to focus on customer service and operational excellence in its funeral and cemetery



businesses, focus on organic growth initiatives such as market share improvement, cost optimization and development opportunities, as well as growth though inorganic M&A opportunities as PLC continues to have a robust acquisition pipeline consisting of premier businesses in high growth markets.

The Company's previous aspirational growth targets assumed 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. This assumed the completion, on average over the 5-year period of \$75 - \$125 million of acquisitions per year. While the Company will continue to grow both organically and inorganically through mergers and acquisitions, with recent changes in the capital environment, the Company believes that a more appropriate range of annual average acquisition spend is between \$50 - \$100 million of acquisitions per year as the Company will more selectively target high growth businesses that fit within its multiple range of 6x-8x and are complimentary to the fit, make-up and culture of PLC.

Furthermore, in the current environment, the Company believes that, rather than long-term aspirational growth targets, annual guidance will provide more accurate and transparent communication with its investors with respect to the Company's expectations around its anticipated performance in the near term. As such, moving forward, the Company intends to provide an outlook regarding its anticipated Adjusted EBTIDA and Adjusted Earnings Per Share for the upcoming fiscal year (the "2024 Financial Outlook"). For the full-year 2024, the Company expects to achieve Adjusted EBITDA and Adjusted Earnings Per Share in the following ranges:

2024 Financial Outlook	<u>High</u>	<u>Midpoint</u>	Low
Adjusted EBITDA	\$80M	\$75M	\$70M
Adjusted Earnings Per Share –			
Diluted	\$0.90	\$0.85	\$0.80

The above table outlines guidance ranges for full-year 2024 Adjusted EBTIDA and Adjusted Earnings Per Share – Diluted. These ranges take into consideration the Company's current outlook and its 2023 results. The purpose of the 2024 Financial Outlook is to assist investors, shareholders, and others in understanding certain financial metrics relating to expected 2024 financial results to evaluate the performance of the Company's business. This information may not be appropriate for other purposes. Management approved the 2024 Financial Outlook as of the date of this MD&A.

Although the Company's 2024 outlook focuses on its organic operations, the range of outcomes does anticipate M&A activity, but the timing and execution of that M&A activity is not easily predictable and will impact the Company's results. Further, while the Company largely believes that the residual impact of the COVID-19 pandemic is in the past, it is still expected there will continue to be some pull-forward effect on mortality affecting the Company's results for the 2024 fiscal year which is reflected in the 2024 Financial Outlook. The 2024 Financial Outlook, including the various assumptions underlying it, is forward-looking and should be read in conjunction with the section entitled *Forward-Looking Information* (including the material assumptions listed under the heading *Key Assumptions Underlying PLC's 2024 Financial Outlook*) and the related disclosure and information about various assumptions, factors, and risks that may cause the Company's actual future financial and operating results to differ from the Company's current expectations.



Financial Highlights

	1	December 31,	1	December 31,	1	December 31,
		2023		2022		2021
Cash	\$	17,687,005	\$	30,277,742	\$	20,785,798
Total Assets	\$	1,271,793,640	\$	1,479,623,661	\$	1,406,098,186
Total Non-Current Liabilities	\$	689,125,887	\$	861,180,134	\$	822,451,858
Total Debt ⁽¹⁾	\$	240,425,047	\$	245,852,290	Ş	171,504,908
Total Shareholder's Equity	\$	537,170,629	\$	551,595,990	\$	540,033,450
Number of Shares Issued and Outstanding		33,879,597		33,939,153		33,930,209
Quarterly Dividend Paid per Share (CAD)	Ş	0.114	\$	0.114	\$	0.114
Leverage Ratio		1.95x		1.83x		0.98x
Interest Coverage Ratio		5.99x		21.79x		30.63x

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

(1) Total Debt – consists of the aggregate of the book value of long term debt, notes payable, lease liabilities, hedging arrangements and senior unsecured Debentures, each as shown on the consolidated statement of financial position of the Company for the twelve month period ended December 31, 2023 (being an aggregate of \$238,255,961 plus associated deferred financing costs of \$866,802 and debt issuance costs of \$1,302,284) 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 \$1,902,733 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 about PLC's performance for the three and twelve months ended December 31, 2023, and the relevant comparable periods in 2022:

		Thre	e Mo	nths Ended Dec	ember	31,	Twelve Months Ended December				cember	31,
		2023		2022	Incr	ease(decrease)		2023		2022	Incr	ease(decrease)
Revenue	Ş	88,085,791	Ş	86,143,691	Ş	1,942,100	Ş	347,600,951	Ş	326,110,118	Ş	21,490,833
Revenue less operating expenses	Ş	23,355,363	Ş	21,950,399	Ş	1,404,964	Ş	88,594,021	Ş	80,839,364	\$	7,754,657
Net (Loss) Earnings for the period	\$	(19,260,833)	Ş	5,290,953	Ş	(24,551,786)	\$	(7,612,614)	Ş	25,124,765	\$	(32,737,379)
Adjusted Net Earnings	\$	8,712,994	Ş	8,272,256	\$	440,738	Ş	30,425,175	Ş	33,838,416	\$	(3,413,241)
Adjusted EBITDA	\$	20,563,797	Ş	19,772,589	\$	791,208	Ş	78,735,883	Ş	74,948,868	\$	3,787,015
Adjusted Field EBITDA	\$	28,696,380	Ş	26,857,591	Ş	1,838,789	Ş	109,683,546	Ş	99,614,044	\$	10,069,502
Revenue less Operating Costs margin		26.5%		25.5%		100 bps		25.5%		24.8%		70 bps
Adjusted EBITDA Margin		23.3%		23.0%		30 bps		22.7%		23.0%		(30) bps
Adjusted Field EBITDA Margin		32.6%		31.2%		140 bps		31.6%		30.5%		110 bps
Net (Loss) Earnings Per Share - Basic	Ş	(0.567)	Ş	0.154	\$	(0.721)	Ş	(0.223)	Ş	0.735	\$	(0.959)
Net (Loss) Earnings Per Share - Diluted	\$	(0.567)	Ş	0.153	Ş	(0.720)	Ş	(0.223)	\$	0.725	\$	(0.948)
Adjusted Net Earnings Per Share - Basic	Ş	0.256	Ş	0.240	\$	0.016	Ş	0.893	\$	0.990	\$	(0.097)
Adjusted Net Earnings Per Share - Diluted	Ş	0.247	Ş	0.239	\$	0.008	Ş	0.874	Ş	0.976	\$	(0.102)
Adjusted EBITDA Per Share - Basic	\$	0.605	\$	0.575	\$	0.031	Ş	2.310	Ş	2.193	Ş	0.117
Adjusted EBITDA Per Share - Diluted	\$	0.583	\$	0.571	\$	0.012	Ş	2.261	Ş	2.162	Ş	0.099
Weighted Average Number of Common Shares												
Basic		33,969,493		34,400,418		(430,925)		34,078,939		34,173,743		(94,804)
Diluted		35,298,089		34,641,420		656,669		34,815,788		34,664,014		151,774

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



Fourth Quarter Summary

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The following points summarize PLC's financial and operational highlights for Q4 2023:

- For the three month period ended December 31, 2023, revenue increased by 2.3% to \$88,085,791 compared to the three month period ended December 31, 2022. Revenue increased primarily due to Acquired Operations offset by a decrease in Comparable Operations.
- Revenue less operating expenses increased by 6.4% to \$23,355,363 for the three month period ended December 31, 2023, compared to the three month period ended December 31, 2022, primarily due to Acquired Operations offset by a decrease in Comparable Operations.
- Revenue less operating expenses margin increased by 100 bps primarily due to improved operating performance from the Company's Comparable Funeral Operations, partially offset by the Company's Comparable Cemetery Operations.
- Net (loss) earnings for the period decreased by 464.0% to a loss of \$(19,260,833) for the three month period ended December 31, 2023, compared to \$5,290,953 for the three month period ended December 31, 2022, primarily due to the loss from the sale of the Disposed Businesses of \$28,148,932 (see Disposed Businesses section for further discussion). Net (loss) earnings margin for the three month period ended December 31, 2023, was (21.9)% compared to 6.1% for the three month period ended December 31, 2022.
- Diluted net (loss) earnings per Common Share decreased by \$0.720 or 470.6% for the three month period ended December 31, 2023, compared to the three month period ended December 31, 2022.
- Diluted Adjusted Net Earnings per Common Share decreased by \$0.008 or 3.3% for the three month period ended December 31, 2023, compared to the three month period ended December 31, 2022 primarily due to increases in the cost of financing and depreciation.
- Adjusted EBITDA increased by 4.0% to \$20,563,797 for the three month period ended December 31, 2023, compared to the three month period ended December 31, 2022.
- Adjusted EBITDA margin for the three month period ended December 31, 2023, was 23.3%, a 30 bps increase over the comparable period in 2022, as a result of increased field margin at the Funeral businesses.
- As at December 31, 2023, the Company's Leverage Ratio was 1.95x, and inclusive of the Company's outstanding Debentures was 2.75x.
- As at December 31, 2023, the Company's Interest Coverage Ratio was 5.99x, a decrease of 15.80x compared to the three month period ended December 31, 2022, and inclusive of interest from the Company's outstanding Debentures was 4.71x.
- On December 31, 2023, the Company had \$145,521,738 outstanding on the Credit Facility including letters of credit, and an undrawn balance of \$154,478,262 inclusive of a \$60 million tranche that the company did not renew in February 2024.
- On October 2, 2023, the Company announced the withdrawal of its previously announced all cash proposal to purchase the outstanding stock of Carriage Services, Inc.
- On October 16, 2023, PLC acquired substantially all the assets of Christy-Smith Funeral Homes (collectively, "**Christy-Smith** ") located in Sioux City, Iowa with funds from its Credit Facility and available cash on hand.

Highlights of the Christy-Smith transaction include:

- o The addition of two stand-alone funeral homes.
- Combined volume of 217 calls.
- Following the full integration of the transaction, the Christy-Smith acquisition is expected to add \$437,391 in Adjusted EBITDA annually.



- The agreed upon purchase price multiple for the transaction is within PLC's publicly stated targeted Adjusted EBITDA multiple range for its historical transactions.
- o The acquisition was financed with funds from the Credit Facility and available cash on hand.
- On December 20, 2023, PLC completed the divestiture of the Disposed Businesses, being The Park Lawn Cemetery Company (USA), Inc., PLC Saber Ltd. and PLC Citadel Ltd. to Everstory Acquisition Portfolio, LLC, an affiliate of Everstory Partners. The divestiture includes 72 cemeteries in Kentucky, Michigan, North Carolina and South Carolina and 11 funeral homes in Kentucky and North Carolina. As consideration for the Disposed Businesses, the Company received \$70,000,000 consisting of \$55,000,000 in cash paid at the closing of the transaction and \$15,000,000 in deferred compensation, bearing interest at 10% per annum, to be received by PLC within 5 years following the closing of the transaction. See the "Disposed Businesses" section of the MD&A for more information.

Subsequent Events

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On February 20, 2024, PLC acquired substantially all the assets of Crippin Funeral Home located in Montrose, Colorado; Gunnison Funeral Services located in Gunnison, Colorado; and Grand View Cemetery located in Montrose, Colorado (collectively "Crippin"). The Crippin acquisition deepens Park Lawn's footprint on the Western Slope through the addition of two stand-alone funeral homes as well as one stand-alone cemetery and is expected to add \$703,404 in Adjusted EBITDA annually. The agreed upon purchase price multiple for the transaction is within PLC's publicly-stated targeted Adjusted EBITDA multiple range for its historical transactions. The acquisition was financed with funds from the Credit Facility and available cash on hand.

Discussion of Operating Results

Three Month Period ended December 31, 2023

Revenue

Revenue for the three month period ended December 31, 2023, was \$88,085,791 compared to \$86,143,691 in the same period in 2022. This represents an increase of \$1,942,100 or 2.3%, 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 December 31, 2023, and 2022 was as follows:

	December 31, 2023		D.	ecember 31, 2022
Sales	\$	83,766,297	\$	82,681,013
Income from care and maintenance funds		2,410,876		2,342,930
Interest and other income		1,908,618		1,119,748
Total revenue	\$	88,085,791	\$	86,143,691

Revenue increased by 7.8% due to Acquired Operations, offset by a decrease in revenue from Comparable Operations of 3.8% and a decrease in revenue from the Disposed Businesses of 1.7%. Revenue from Comparable Operations decreased due to a decrease of \$3,067,391 at the Comparable Cemetery Operations and a decrease of \$997,676 at the Comparable Funeral Operations. Comparable Cemetery Operations had a \$3,051,990 decrease in property sales however, sales from merchandise and services were relatively flat year-over-year. The decrease in property sales was primarily driven due to a decrease in large



group sales in the Northeast region during the quarter which contributed to \$3,234,865 of the decrease. Also, during the quarter, two group sale contracts made during 2022 totaling \$1,250,944 were cancelled by mutual agreement between the customer and the Company. This inventory was returned to the Company for resale. Excluding the impact of large group sales and cancellations, property sales increased by 20.4%.

The decrease from Comparable Funeral Operations was due to a 3.0% decrease in call volume as mortality continued to moderate year-over-year, offset in-part by a 1.0% increase in average revenue per call.

Income from the Company's care and maintenance trust funds (the "**Care and Maintenance Trust Funds**") for the three month period ended December 31, 2023, was \$2,410,876 compared to \$2,342,930 in the same period of 2022, which represents an increase of \$67,946 or 2.9%. Income from the Company's Care and Maintenance Trust Funds vary based on market returns and timing of distributions.

Interest and other income for the three month period ended December 31, 2023, was \$1,908,618, compared to \$1,119,748 for the same period in 2022, which represents an increase of \$788,870 or 70.5%. The increase is primarily related to income retained on cancelled contracts and imputed interest on large long-term property contracts with no stated interest recorded.

Operating Expenses

Operating expenses for the three month period ended December 31, 2023, were \$64,730,428 compared to \$64,193,292 in the same period in 2022. This represents an increase of \$537,136 or 0.8% over the same period in 2022, as indicated below:

	De	December 31, 2023		ecember 31,
				2022
Cost of sales	\$	15,356,794	\$	15,343,334
General and administrative		36,219,232		34,945,412
Maintenanœ		6,320,417		6,348,561
Advertising and selling		6,833,985		7,555,985
	\$	64,730,428	\$	64,193,292

Cost of sales for the three month period ended December 31, 2023, was \$15,356,794 compared to \$15,343,334 in the same period in 2022. This represents an increase of \$13,460 or 0.1% over the same period in 2022. The increase was a result of Acquired Operations which increased the cost of sales by \$1,021,952 offset by a decrease in Comparable Operations of \$1,084,285. The decrease from Comparable Operations was due to both a decrease in the cost of cemetery property as property sales declined, and a decrease in cost of merchandise related to lower sales from Comparable Funeral Operations.

General and administrative expenses for the three month period ended December 31, 2023, was \$36,219,232 compared to \$34,945,412 in the same period in 2022. This represents an increase of \$1,273,820 or 3.6%. The increase from Acquired Operations was \$4,261,013 offset by decreases from Comparable Operations of \$1,776,717 and from Disposed Businesses of \$1,210,388. Decreases in general and administrative costs primarily relate to decreases in consulting fees, field labour, bad debt expenses, bank service and credit cards fees, and accounting and IT services fees. Additional decreases were a result of inflationary costs improving year-over-year such as utilities and vehicle expenses.

Maintenance expenses for the three month period ended December 31, 2023, was \$6,320,417 compared to \$6,348,561 in the same period in 2022. This represents a decrease of \$28,144 or 0.4%. The increase from Acquired Operations was \$221,822 and

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decrease from Comparable Operations was \$303,768, offset by a decrease in Disposed Businesses of \$53,801. The decrease in Comparable Operations is primarily due to a decrease in labour and general maintenance costs.

Advertising and selling expenses for the three month period ended December 31, 2023, was \$6,833,985 compared to \$7,555,985 in the same period in 2022. This represents a decrease of \$722,000 or 9.6%. The increase from Acquired Operations was \$313,544 offset by a decrease in Comparable Operations of \$494,452 and a decrease in Disposed Businesses of \$541,092. The decrease in Comparable Operations and Disposed Businesses is primarily due to a decrease in labour, including cemetery commissions, and general advertising costs.

Revenue less Operating Expenses

As a result of the above changes in revenue and operating expenses, revenue less operating expenses for the three month period ended December 31, 2023, was \$23,355,363 compared to \$21,950,399 in the same period in 2022. This represents an increase of \$1,404,964 or 6.4%, over the same period in 2022. Revenue less operating expenses margin was 26.5% in the fourth quarter of 2023 compared to 25.5% in the same period in 2022, an increase of 100 bps.

Other Expenses

Other expenses for the three month period ended December 31, 2023, were \$47,835,619 compared to \$13,804,106 in the same period in 2022. This represents an increase of \$34,031,513 or 246.5% over the same period in 2022, as indicated below:

	December 31,		De	ecember 31,
	2023			2022
Corporate general and administrative	\$	8,339,047	\$	7,300,607
Amortization of intangibles		530,532		320,406
Finanœ costs		5,579,526		2,839,058
Fair value adjustment on interest rate swaps		1,513,834		-
Share-based incentive compensation		1,934,449		802,425
Acquisition and integration costs		1,552,292		2,455,264
Other (income) expenses	_	28,385,939		86,346
	\$	47,835,619	\$	13,804,106

Corporate general and administrative expenses for the three month period ended December 31, 2023, were \$8,339,047 compared to \$7,300,607 in the same period in 2022. This represents an increase of \$1,038,440 or 14.2% over the same period in 2022, primarily due to an increase in labour fees, consulting fees and an insurance claim that was received in the prior year. Other increases relate to the enhancement of the Company's corporate support infrastructure primarily related to the Company's growth including IT systems support and continued enhancement of the Company's FaCTSTM, a funeral and cemetery technology system software platform offset in-part by a reduction in accounting fees, audit and tax fees, and travel expenses.

Finance costs increased by \$2,740,468 or 96.5% as a result of additional debt outstanding on the Company's Credit Facility, primarily due to acquisitions made throughout the year, and an increase in interest rates. Overall, debt decreased by \$6,763,319 compared to at December 31, 2022. The advances on the credit facility were \$63,074,804 in 2023, offset by a repayment of \$69,838,123. Included in the repayment of debt, \$51,000,000 was repaid on December 22, 2023, following the sale of Disposed

Businesses. The interest rate, including hedging activities relating to the Company's Credit Facility, was 6.1% on December 31, 2023, compared to 5.2% on December 31, 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 a loss of \$1,513,834 for the three month period ended December 31, 2023, compared to \$nil in the comparative period.

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

The Company's second amended and restated omnibus equity incentive plan dated June 22, 2022 (as amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time, the "EIP") was established as a means of compensating directors and designated employees of the Company and its subsidiaries, and to promote share ownership and ensure alignment with shareholders' interests. The EIP provides for the grant of deferred share units ("DSUs"), restricted share units ("RSUs"), performance share units ("PSUs"), and options to acquire Common Shares ("Options"). Compensation expenses associated with awards granted under the EIP for the three month period ended December 31, 2023, were \$1,934,449 compared to \$802,425 for the same period in 2022, which represents an increase of \$1,132,024. The increase is due to the 691,638 RSUs and 99,732 PSUs issued during the third quarter of the year. 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.

During the three month period ended December 31, 2023, and 2022, the Company incurred acquisition and integration expenses of \$1,552,292 and \$2,455,264, 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. Included in the three month period ended December 31, 2023, were costs of \$155,900 relating to the divestiture of the Disposed Businesses.

Other expenses (income) is comprised of the following:

- \$240,058 and \$127,382 of expenses for the three month period ended December 31, 2023, and 2022, respectively, including legal costs relating to the preservation of certain historical investments and obligations associated with those investments, as well as costs for the defence of intellectual property created by the Company. Also, included in legal and other costs in the fourth quarter of 2023 were \$223,019 of costs relating to the Company's base shelf prospectus as a financing did not occur during the year. The costs were expensed during the quarter; however, the base shelf prospectus expires at the end of 2024.
- \$3,051 and \$41,036 of net gain for the three month period ended December 31, 2023, and 2022, respectively, related to the disposition of land and miscellaneous property.
- \$28,148,932 of loss from the divestiture of substantially all of the assets of Disposed Businesses (see Disposed Businesses section for further commentary).

Net Earnings

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(Loss) earnings before income taxes for the three month period ended December 31, 2023, were \$(24,480,256) compared to \$8,146,293 in the same period in 2022. This represents a decrease of \$32,626,549 or 400.5% over the same period in 2022 primarily due to the loss incurred on the Disposed Businesses (see section Disposed Businesses for further commentary).

Income tax (recovery) expense for the three month period ended December 31, 2023, was \$(5,219,423) compared to \$2,855,340 for the same period in 2022. The effective tax rate for the three month period ended December 31, 2023, was 21.3%, which was lower than the Company's statutory tax rates. 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, differences in foreign tax rates, tax structuring, offset by non-taxable dividend income. During the quarter, the effective tax rate was impacted by the sale of the Disposed Businesses and tax structuring that occurred during the quarter and resulted in the reversal of deferred tax liability related to the recapitalization of intercompany debt, and higher nondeductible share based compensation due to forfeitures and a lower stock price. The effective tax rate for the same period in 2022 was 35.1%.

As a result of the above, the Company's net (loss) earnings for the three month period ended December 31, 2023, totaled \$(19,260,833) compared to \$5,290,953 for the same period in 2022, which represents a decrease of \$24,551,786 or 464.0% 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 December 31, 2023, increased to 35,298,089 compared to 34,641,420 for the same period in 2022, an increase of 656,669 or 1.9%. The increase in outstanding Common Shares is primarily due to the issuance of Common Shares pursuant to the Company's dividend reinvestment plan ("**DRIP**") and the EIP, offset by 154,158 Common Shares repurchased by the Company and placed in a trust established by PLC (the "**Trust**"), pursuant to the Normal Course Issuer Bid (the "**NCIB**") and a decrease in the dilutive impact of all outstanding Options.

Fully diluted (loss) earnings per Common Share for the three month period ended December 31, 2023, were \$(0.567) compared to \$0.153 for the same period in 2022.

Adjusted Net Earnings

Net (loss) earnings for the three month period ended December 31, 2023, and 2022 as stated, have been impacted by certain one-time, non-recurring or non-cash revenue and expenses, 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 December 31, 2023, and 2022 to the Company's net earnings:



Three Months Ended December 31,						
	2023		2022			
\$	(19,260,833)	\$	5,290,953			
	530,532		320,406			
	1,513,834		-			
	1,934,449		802,425			
	1,552,292		2,455,264			
	28,385,939		86,346			
	(5,943,219)		(683,138)			
\$	8,712,994	\$	8,272,256			
\$	0.256	\$	0.240			
\$	0.247	\$	0.239			
	33,969,493		34,400,418			
	35,298,089		34,641,420			
	\$	2023 \$ (19,260,833) 530,532 1,513,834 1,934,449 1,552,292 28,385,939 (5,943,219) \$ 8,712,994 \$ 0.256 \$ 0.247 33,969,493	2023 \$ (19,260,833) \$ 530,532 1,513,834 1,934,449 1,552,292 28,385,939 (5,943,219) \$ 8,712,994 \$ \$ 0.256 \$ \$ 0.247 \$ 33,969,493 \$			

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

Adjusted Net Earnings for the three month period ended December 31, 2023, was \$8,712,994 and \$0.247 per share, diluted, compared to \$8,272,256 and \$0.239 per share, diluted, for the same period in 2022. This represents an increase of 5.3% in the Adjusted Net Earnings Per Share over the same three month period in 2022.



EBITDA and Adjusted EBITDA

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

	Three Months Ended December 3			ecember 31,
		2023		2022
(Loss) earnings before income taxes	\$	(24,480,256)	\$	8,146,293
Adjusted for the impact of:				
Finance costs		5,579,526		2,839,058
Depreciation and amortization		4,475,166		3,097,311
Cost of cemetery property		1,602,847		2,345,892
EBITDA		(12,822,717)		16,428,554
Fair value adjustment on interest rate swaps		1,513,834		-
Share based compensation		1,934,449		802,425
Acquisition and integration costs		1,552,292		2,455,264
Other (income) expenses		28,385,939		86,346
Adjusted EBITDA	\$	20,563,797	\$	19,772,589
EBITDA - per share				
Basic	\$	(0.377)	\$	0.478
Diluted	\$	(0.377)	\$	0.474
Adjusted EBITDA - per share				
Basic	\$	0.605	\$	0.575
Diluted	\$	0.583	\$	0.571
Weighted Average Shares Outstanding				
Basic		33,969,493		34,400,418
Diluted		35,298,089		34,641,420

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

EBITDA for the three month period ended December 31, 2023, was \$(12,822,717) and \$(0.377) per share, diluted, compared to \$16,428,554 and \$0.474 per share, diluted, for the same period in 2022. This represents a decrease of \$29,251,271 or 178.1% in EBITDA and a decrease of \$0.851 or 179.5% in EBITDA per share over the same three month period in 2022.

The EBITDA Margin for the three month period ended December 31, 2023, was (14.6)% compared to 19.1% for the same period in 2022, representing a 3,350 bps decrease.

Adjusted EBITDA for the three month period ended December 31, 2023, was \$20,563,797 and \$0.583 per share, diluted, compared to \$19,772,589 and \$0.571 per share, diluted, for the same period in 2022. This represents an increase of \$791,208 or 4.0% in Adjusted EBITDA and \$0.012 or 2.1% in Adjusted EBITDA per share over the same three month period in 2022.

The Adjusted EBITDA Margin for the three month period ended December 31, 2023, was 23.3% compared to 23.0% for the same period in 2022, representing a 30 bps increase.

Twelve Month Period ended December 31, 2023

Revenue

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Revenue for the twelve month period ended December 31, 2023, was \$347,600,951 compared to \$326,110,118 in the same period in 2022. This represents an increase of \$21,490,833 or 6.6%, 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 twelve month period ended December 31, 2023, and 2022 was as follows:

	December 31, 2023	December 31, 2022
Sales	\$ 332,062,385	\$ 311,630,144
Income from care and maintenance funds	9,958,758	9,333,384
Interest and other income	5,579,808	5,146,590
Total revenue	\$ 347,600,951	\$ 326,110,118

Revenue increased 10.4% from Acquired Operations and was offset by a decrease in Comparable Operations of 2.6% and a decrease in revenue from the divestiture of the Disposed Businesses of 1.2%. Revenue from Comparable Operations decreased primarily due to declining mortality rates year-over-year, resulting in reduced at-need cemetery sales and call volumes. Revenue from the Company's Comparable Cemetery Operations decreased by \$6,049,391, primarily due to a decrease in merchandise and service revenue of \$2,309,231 as well as a decrease in property revenue of \$3,740,160. Property sales decreased primarily due to a decrease in large group sales in the Northeast region which contributed to \$2,620,162 of the decrease. Additionally, during the third quarter of 2023, the Company decided to halt further development on one of the Company's cemeteries located in the Northeast region, resulting in the cancellation of a large group contract. During the fourth quarter of 2023, two group contracts made during 2022 were cancelled by mutual agreement between the customer and the Company. In total these cancellations resulted in a decrease in revenue by totaling \$2,459,870. Excluding the impact of group sales and cancellations, property sales from Comparable Operations increased by approximately 4.5%.

Revenue from Comparable Funeral Operations decreased by \$2,983,943 primarily due to decreases in call volumes of 5.1% year-over-year, offset in-part by an increase in average revenue per call of approximately 3.3%.

Income from the Company's Care and Maintenance Trust Funds for the twelve month period ended December 31, 2023, was \$9,958,758 compared to \$9,333,384 in the same period of 2022, which represents an increase of \$625,374 or 6.7%. 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 twelve month period ended December 31, 2023, was \$5,579,808 compared to \$5,146,590 in the same period in 2022, which represents an increase of \$433,218, or 8.4%. The increase is primarily due to income retained on cancelled contracts and imputed interest on large long-term property contracts with no stated interest recorded.



Operating Expenses

22

Operating expenses for the twelve month period ended December 31, 2023, were \$259,006,930 compared to \$245,270,754 in the same period in 2022. This represents an increase of \$13,736,176 or 5.6% over the same period in 2022, as indicated below:

	December 31,		D	ecember 31,
	2023			2022
Cost of sales	\$	60,137,614	\$	55,104,079
General and administrative		142,906,645		133,193,782
Maintenanœ		26,972,085		26,948,732
Advertising and selling		28,990,586		30,024,161
	\$	259,006,930	\$	245,270,754

Cost of sales for the twelve month period ended December 31, 2023, was \$60,137,614 compared to \$55,104,079 in the same period in 2022. This represents an increase of \$5,033,535 or 9.1% over the same period in 2022. Cost of sales increased 9.3% from Acquired Operations and 3.3% from Disposed Businesses, offset by a decrease from Comparable Operations of 2.5%, primarily due to a decrease in cost of merchandise from Comparable Funeral Operations.

General and administrative expenses increased by \$9,712,863. The increase from Acquired Operations was \$19,789,453, offset by a decrease from Disposed Businesses of \$3,273,354 and a decrease from Comparable Operations of \$6,803,236. Decreases in general and administrative costs from Comparable Operations relate primarily to decreases in field labour costs, including incentive compensation, and consulting fees. Additional decreases were a result of inflationary costs improving year-over-year on certain manageable expenses including utilities, equipment leases, vehicle expenses, and office expenses.

Maintenance expenses increased by \$23,353 or 0.1%. The increase from Acquired Operations was \$1,636,421, offset by a decrease from Comparable Operations of \$1,461,913 and a decrease from Disposed Businesses of \$151,155. The decrease from Comparable Operations is primarily due to a decrease in labour and maintenance costs, including landscaping, supplies, and repair costs.

Advertising and selling expenses decreased by \$1,033,575. The increase from Acquired Operations was \$1,416,159, offset by a decrease from Comparable Operations of \$1,569,235 and a decrease from Disposed Businesses of \$880,499. The decrease from Comparable Operations is primarily due to reduced commissions, incentives and awards from decreased cemetery sales, and a reduction in general advertising expenses.

Revenue less Operating Expenses

As a result of the above changes in revenue and operating expenses, revenue less operating expenses for the twelve month period ended December 31, 2023, was \$88,594,021 compared to \$80,839,364 in the same period in 2022. This represents an increase of \$7,754,657 or 9.6%, over the same period in 2022. Revenue less operating expenses margin was 25.5% for the twelve month period ended December 31, 2023, compared to 24.8% in the same period in 2022, an increase of 70 bps.

Other Expenses

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	December 31,		De	ecember 31,
		2023		2022
Corporate general and administrative	\$	31,773,327	\$	25,355,488
Amortization of intangibles		1,624,976		1,184,641
Finanœ costs		18,254,480		8,329,739
Fair value adjustment on interest rate swaps		510,147		-
Share-based incentive compensation		5,713,588		4,641,574
Acquisition and integration costs		7,524,424		7,046,469
Other (income) expenses		31,485,856		(1,352,075)
	\$	96,886,798	\$	45,205,836

Other expenses for the twelve month period ended December 31, 2023, were \$96,886,798 compared to \$45,205,836 in the same period in 2022. This represents an increase of \$51,680,962 or 114.3% over the same period in 2022, as indicated below:

Corporate general and administrative expenses for the twelve month period ended December 31, 2023, were \$31,773,327 compared to \$25,355,488 in the same period in 2022. This represents an increase of \$6,417,839 or 25.3% over the same period in 2022. The increase is primarily due to increases in labour costs, including contract labour, placement fees, and incentive accruals associated with the Company's growth profile, and IT systems support costs, including third party costs related to the training, data conversion, and continued enhancement of the Company's FaCTSTM funeral and cemetery technology system software platform, and other general and administrative costs such as legal, consulting, audit, and tax advisory fees.

Finance costs increased by \$9,924,741 or 119.1% as a result of additional debt outstanding on the Company's Credit Facility, primarily due to acquisitions made throughout the year, and an increase in interest rates when compared to the same period in 2022. Overall, debt decreased by \$6,763,319 compared to at December 31, 2022. The advances on the credit facility were \$63,074,804 in 2023, offset by a repayment of \$69,838,123. Included in the repayment of debt, \$51,000,000 was repaid on December 22, 2023 following the sale of Disposed Businesses. The interest rate including the Company's hedging activities relating to the Credit Facility was 6.1% on December 31, 2023, compared to 5.2% on December 31, 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 a loss of \$510,147 for the twelve month period ended December 31, 2023, compared to \$nil in the comparative period.

Compensation expenses associated with awards granted under the EIP for the twelve month period ended December 31, 2023, were \$5,713,588 compared to \$4,641,574 for the same period in 2022, which represents an increase of \$1,072,014. The increase for the twelve month period ended December 31, 2023 is primarily due to the 691,638 RSUs issued during the third quarter of the year offset by a decrease in compensation expense from certain Options that fully vested in 2022. 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.



During the twelve month period ended December 31, 2023, and 2022, the Company incurred acquisition and integration expenses of \$7,524,424 and \$7,046,469, 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. Included in the twelve month period ended December 31, 2023 were costs related to the Company's offer (and subsequent withdrawal) to purchase all the outstanding stock of Carriage Services, Inc. of \$601,332 and \$377,288 relating to the divestiture of the Disposed Businesses.

Other expenses (income) is comprised of the following:

- \$815,246 and \$387,145 of expenses for the twelve month period ended December 31, 2023, and 2022, respectively, including legal costs relating to the preservation of certain historical investments and obligations associated with those investments, as well as costs for the defence of intellectual property created by the Company. Also, included in legal and other costs in 2023 were \$223,019 of costs relating to a base shelf prospectus as a financing did not occur during the year. The costs were expensed during the fourth quarter; however, the base shelf prospectus expires at the end of 2024.
- \$57,813 and \$1,893,192 of net gain for the twelve month period ended December 31, 2023, and 2022, respectively, related to the disposition of land and miscellaneous property.
- \$28,148,932 of loss from the divestiture of substantially all of the assets of Disposed Businesses (see Disposed Businesses section).
- \$2,579,491 of loss from the sale of the Company's non-strategic cemetery business in the state of New York on May 1, 2023.
- \$153,972 of impairment on other assets for the twelve month period ended December 31, 2022.

Net Earnings

(Loss) Earnings before income taxes for the twelve month period ended December 31, 2023, were \$(8,292,777) compared to \$35,633,528 in the same period in 2022. This represents a decrease of \$43,926,305 or 123.3% over the same period in 2022 primarily due to the loss incurred on the Disposed Businesses.

Income tax (recovery) expense for the twelve month period ended December 31, 2023, was \$(680,163) compared to \$10,508,763 for the same period in 2022. The effective tax rate for the twelve month period ended December 31, 2023, was 8.2% which is lower 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, differences in foreign tax rates, tax structuring, offset by non-taxable dividend income. As previously mentioned, the effective tax rate was impacted by the sale of the Disposed Businesses, tax structuring, and higher nondeductible share based compensation. The effective tax rate for the same period in 2022 was 29.5%.

As a result of the above, the Company's net (loss) earnings for the twelve month period ended December 31, 2023, totaled \$(7,612,614) compared to \$25,124,765 for the same period in 2022, which represents a decrease of \$32,737,379 or 130.3% over the same period in 2022.

Net Earnings Per Share

The weighted average diluted number of Common Shares outstanding for the twelve month period ended December 31, 2023 increased to 34,815,788, compared to 34,664,014 for the same period in 2022, an increase of 151,774 or 0.4%. The increase in outstanding Common Shares is due primarily to the issuance of Common Shares pursuant to the DRIP and the EIP, offset by



a decrease related to 332,957 Common Shares repurchased by the Company and held in Trust pursuant to the NCIB and a decrease in the dilutive impact of Options.

Fully diluted (loss) earnings per Common Share for the twelve month period ended December 31, 2023, were \$(0.223) compared to \$0.725 for the same period in 2022.

Adjusted Net Earnings

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Net (loss) earnings for the twelve month period ended December 31, 2023, and 2022 as stated, have been impacted by certain one-time, non-recurring or non-cash revenue and expenses, 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 twelve month period ended December 31, 2023, and 2022 to the Company's net earnings:

	Twelve Months Ended December				
		2023		2022	
Net (Loss) Earnings	\$	(7,612,614)	\$	25,124,765	
Adjusted for the impact of:					
Amortization of intangible assets		1,624,976		1,184,641	
Fair value adjustment on interest rate swaps		510,147		-	
Share based compensation		5,713,588		4,641,574	
Acquisition and integration costs		7,524,424		7,046,469	
Other (income) expenses		31,485,856		(1,352,075)	
Tax effect on the above items		(8,821,202)		(2,806,958)	
Adjusted Net Earnings	\$	30,425,175	\$	33,838,416	
Adjusted Net Earnings - per share					
Basic	\$	0.893	\$	0.990	
Diluted	\$	0.874	\$	0.976	
Weighted Average Shares					
Basic		34,078,939		34,173,743	
Diluted		34,815,788		34,664,014	

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

Adjusted Net Earnings for the twelve month period ended December 31, 2023, was \$30,425,175 and \$0.874 per share, diluted, compared to \$33,838,416 and \$0.976 per share, diluted, for the same period in 2022. This represents a decrease of 10.1% in the Adjusted Net Earnings and 10.5% in the Adjusted Net Earnings per share over the same twelve month period in 2022.



EBITDA and Adjusted EBITDA

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

	Twelve Months Ended Decemb			December 31,
		2023		2022
(Loss) earnings before income taxes	\$	(8,292,777)	\$	35,633,528
Adjusted for the impact of:				
Finance costs		18,254,480		8,329,739
Depreciation and amortization		16,564,885		13,058,253
Cost of cemetery property		6,975,280		7,591,380
EBITDA		33,501,868		64,612,900
Fair value adjustment on interest rate swaps		510,147		-
Share based compensation		5,713,588		4,641,574
Acquisition and integration costs		7,524,424		7,046,469
Other (income) expenses		31,485,856		(1,352,075)
Adjusted EBITDA	\$	78,735,883	\$	74,948,868
EBITDA - per share				
Basic	\$	0.983	\$	1.891
Diluted	\$	0.962	\$	1.864
Adjusted EBITDA - per share				
Basic	\$	2.310	\$	2.193
Diluted	\$	2.261	\$	2.162
Weighted Average Shares Outstanding				
Basic		34,078,939		34,173,743
Diluted		34,815,788		34,664,014

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

EBITDA for the twelve month period ended December 31, 2023, was \$33,501,868 and \$0.962 per share, diluted, compared to \$64,612,900 and \$1.864 per share, diluted, for the same period in 2022. This represents a decrease of \$31,111,032 or 48.1% in the EBITDA and \$0.902 or 48.4% in the EBITDA per share over the same twelve month period in 2022.

The EBITDA Margin for the twelve month period ended December 31, 2023, was 9.6% compared to 19.8% for the same period in 2022, representing a 1,020 bps decrease.

Adjusted EBITDA for the twelve month period ended December 31, 2023, was \$78,735,883 and \$2.261 per share, diluted, compared to \$74,948,868 and \$2.162 per share, diluted, for the same period in 2022. This represents an increase of \$3,787,015 or 5.1% in the Adjusted EBITDA and \$0.099 or 4.6% in the Adjusted EBITDA per share over the same twelve month period in 2022.

The Adjusted EBITDA Margin for the twelve month period ended December 31, 2023, was 22.7% compared to 23.0% for the same period in 2022, representing a 30 bps decrease.



Geographic Information

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

	 December 31, 2023	December 31, 2022				
Canada	\$ 202,821,915	\$	171,249,043			
United States	1,068,971,725		1,308,374,618			
Total	\$ 1,271,793,640	\$	1,479,623,661			

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

	E	December 31, 2023	С 	December 31, 2022
Canada United States	\$	207,560,589 527,062,422	\$	172,678,576 755,349,095
Total	\$	734,623,011	\$	928,027,671

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

		ecember 31,		
		2023		2022
Revenue:				
Sales:				
Canada	\$	31,090,277	\$	29,102,171
United States		300,972,108		282,527,973
Total sales		332,062,385		311,630,144
Income from care and maintenance funds:				
Canada		3,661,463		3,668,724
United States		6,297,295		5,664,660
Total income from care and maintenance funds		9,958,758		9,333,384
Interest and other income:				
Canada		408,196		363,945
United States		5,171,612		4,782,645
Total interest and other income		5,579,808		5,146,590
Total revenue:				
Canada		35,159,936		33,134,840
United States		312,441,015		292,975,278
Total revenue	\$	347,600,951	\$	326,110,118
Total net (loss) earnings:				
Canada ⁽¹⁾		(10,799,274)		(8,033,642)
United States		3,186,660		33,158,407
Total net (loss) earnings	\$	(7,612,614)	\$	25,124,765

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





On December 20, 2023, PLC completed the sale of the Disposed Businesses to Everstory Acquisition Portfolio, LLC, an affiliate of Everstory Partners. The divestiture includes 72 cemeteries in Kentucky, Michigan, North Carolina and South Carolina and 11 funeral homes in Kentucky and North Carolina. As consideration for the Disposed Businesses, PLC received \$70,000,000 consisting of \$55,000,000 in cash paid at closing and \$15,000,000 in deferred compensation, bearing interest at 10% per annum, to be received by PLC within 5 years following the closing of the transaction. Transaction costs were \$4,825,508 and the transaction resulted in a loss of \$28,148,932.

The transaction has the following details:

- The purchase price represents an approximate 8.0x Adjusted EBITDA multiple based on the operating results for the year ending December 31, 2023, including identifiable corporate costs that were associated with the transaction.
- The transaction is initially expected to be slightly dilutive to Adjusted Net Earnings per share reflecting the foregone earnings related to the Disposed Businesses, and before factoring in any benefits from the redeployment of transaction proceeds.
- The transaction is expected to be neutral or slightly accretive to Adjusted Net Earnings per share in the medium term as benefits to corporate costs are realized and after factoring in benefits from the redeployment of capital into acquisitions at our expected multiple range.
- Excluding the Disposed Businesses from the Company's cemetery and funeral operations, the Adjusted Field EBITDA Margin would increase by approximately 250 bps and 330 bps for the three month and twelve month periods ended December 31, 2023, respectively.
- Following the close of the transaction, the cash portion of the proceeds was used to repay the Company's outstanding balance on the Credit Facility, and the Company's leverage ratio decreased to 1.95x and 2.75x, including the outstanding Debentures.
- Costs associated with this transaction and included in the loss totaled \$4,825,888 and included brokers fees, professional fees including legal and tax work, working capital write offs and other miscellaneous charges.

The major classes of assets and liabilities disposed of are as follows:

	Γ	December 31, 2023		
Assets:		2023		
Cash	\$	3,009,629		
Accounts receivable		2,542,717		
Pre-need receivables		34,397,138		
Inventories		21,356,645		
Prepaid expenses and other assets		898,517		
Land held for development		735,673		
Property and equipment		24,240,196		
Care and maintenance trust fund investments		40,197,039		
Pre-need merchandise and service trust fund investments		83,363,046		
Goodwill		68,359,132		
Deferred commission		18,624,720		
Assets held for sale	\$	297,724,452		
Liabilities:				
Accounts payable and accrued liabilities	\$	3,619,997		
Lease liabilities		33,502		
Deferred revenue		77,187,824		
Care and maintenance trusts' corpus		40,197,039		
Deferred pre-need receipts held in trust		83,363,046		
Liabilities directly associated with assets held for sale		204,401,408		
Net assets directly associated with disposal group	\$	93,323,044		



The operations for the Disposed Businesses for the period from October 1 to December 20, 2023 and from October 1 to December 31, 2022, and January 1 to December 20, 2023 and January 1 to December 31, 2022 were:

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	Oc	t 1 - Dec 20, 2023	Oc	t 1 - Dec 31, 2022	Jai	n 1 - Dec 20, 2023	Ja	n 1 - Dec 31, 2022
Revenue								
Sales	\$	13,496,513	\$	14,827,600	\$	57,892,903	\$	62,026,787
Income from care and maintenance funds		249,442		404,842		1,457,254		1,418,154
Interest and other income		246,024		237,783		1,042,785		1,115,335
Total revenue		13,991,979		15,470,225		60,392,942		64,560,276
Operating expenses								
Cost of sales		3,267,984		3,192,191		13,931,244		12,384,833
General and administrative		4,796,066		6,006,454		22,722,037		25,995,382
Maintenance		1,967,173		1,913,372		9,313,908		9,465,063
Advertising and selling		1,711,319		2,252,411		7,723,529		8,604,030
Total operating expenses		11,742,542		13,364,428		53,690,718		56,449,308
Revenue less operating expenses		2,249,437		2,105,797		6,702,224		8,110,968
Other expenses								
Finance costs		-		3,006		-		3,771
Acquisition and integration costs		8,758		-		8,758		-
Total other expenses		8,758		3,006		8,758		3,771
Earnings before income taxes		2,240,679		2,102,791		6,693,466		8,107,197
Income tax expense		604,983		567,754		1,807,236		2,188,943
Net earnings for the period	\$	1,635,696	\$	1,535,037	\$	4,886,230	\$	5,918,254

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:

	1	Disposed		Disposed	1	Disposed	Disposed		
Earnings before income taxes	\$	2,240,679	\$	2,102,791	\$	6,693,466	\$	8,107,197	
Adjusted for the impact of:									
Finance Costs		-		3,006		-		3,771	
Depreciation and amortization		-		125,653		1,277,717		1,476,699	
Cost of cemetery property		447,490		336,380		1,332,779		1,205,317	
EBITDA		2,688,169		2,567,830		9,303,962		10,792,984	
Acquisition and integration costs		8,758		-		8,758		-	
Adjusted EBITDA	\$	2,696,927	\$	2,567,830	\$	9,312,720	\$	10,792,984	
EBITDA Acquisition and integration costs	\$	2,688,169 8,758	\$	2,567,830	\$	9,303,962 8,758	\$	10,792,984	

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



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 (loss) earnings for the three and twelve month period ended December 31, 2023, and 2022 to the EBITDA, Adjusted EBITDA, and Adjusted Field EBITDA:

	Three Months Ended December 31, 2023									
		Cemetery	Fu	ineral Home		Corporate	Total			
Revenue										
Sales	\$	30,529,613	\$	53,236,684	\$	- \$	83,766,297			
Income from care and maintenance funds		2,410,876		-		-	2,410,876			
Interest and other income		1,414,870		439,275		54,473	1,908,618			
Total revenue		34,355,359		53,675,959		54,473	88,085,791			
Operating expenses										
Cost of sales		7,556,421		7,800,373		-	15,356,794			
General and administrative		9,019,316		27,199,916		-	36,219,232			
Maintenance		5,037,667		1,282,750		-	6,320,417			
Advertising and selling		4,280,366		2,553,619		-	6,833,985			
Total operating expenses		25,893,770		38,836,658		-	64,730,428			
Revenue less operating expenses		8,461,589		14,839,301		54,473	23,355,363			
Other expenses										
Corporate general and administrative		-		-		8,339,047	8,339,047			
Amortization of intangibles		15,550		492,719		22,263	530,532			
Finance costs		123,948		381,966		5,073,612	5,579,526			
Fair value adjustment on interest rate swaps		-		-		1,513,834	1,513,834			
Share-based incentive compensation		-		-		1,934,449	1,934,449			
Acquisition and integration costs		7,198		358,902		1,186,192	1,552,292			
Other (income) expenses		-		(3,052)		28,388,991	28,385,939			
Total other expenses		146,696		1,230,535		46,458,388	47,835,619			
(Loss) earnings before income taxes		8,314,893		13,608,766		(46,403,915)	(24,480,256)			
Income tax expense		2,245,021		3,674,367		(11,138,811)	(5,219,423)			
Net (loss) earnings for the period	\$	6,069,872	\$	9,934,399	\$	(35,265,104) \$	(19,260,833)			

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

	Three Months Ended December 31, 2023									
		Cemetery	Fu	ineral Home		Corporate	Total			
(Loss) earnings before income taxes	\$	8,314,893	\$	13,608,766	\$	(46,403,915) \$	(24,480,256)			
Adjusted for the impact of:										
Finance Costs		123,948		381,966		5,073,612	5,579,526			
Depreciation and amortization		571,329		3,729,583		174,254	4,475,166			
Cost of cemetery property		1,591,452		11,395		-	1,602,847			
EBITDA		10,601,622		17,731,710		(41,156,049)	(12,822,717)			
Fair value adjustment on interest rate swaps		-		-		1,513,834	1,513,834			
Share based compensation		-		-		1,934,449	1,934,449			
Acquisition and integration costs		7,198		358,902		1,186,192	1,552,292			
Other (income) expenses		-		(3,052)		28,388,991	28,385,939			
Adjusted EBITDA	\$	10,608,820	\$	18,087,560	\$	(8,132,583) \$	20,563,797			

	Three Months Ended December 31, 2022							
	Cemetery	Funeral Home	Corporate	Total				
Revenue								
Sales	\$ 34,817,078	\$ 47,863,935	\$ - \$	82,681,013				
Income from care and maintenance funds	2,342,930	-	-	2,342,930				
Interest and other income	822,809	228,839	68,100	1,119,748				
Total revenue	37,982,817	48,092,774	68,100	86,143,691				
Operating expenses								
Cost of sales	7,684,227	7,659,107	-	15,343,334				
General and administrative	10,163,723	24,781,689	-	34,945,412				
Maintenance	4,765,049	1,583,512	-	6,348,561				
Advertising and selling	4,947,614	2,608,371	-	7,555,985				
Total operating expenses	27,560,613	36,632,679	-	64,193,292				
Revenue less operating expenses	10,422,204	11,460,095	68,100	21,950,399				
Other expenses								
Corporate general and administrative	-	-	7,300,607	7,300,607				
Amortization of intangibles	17,583	269,429	33,394	320,406				
Finance costs	12,896	136,765	2,689,397	2,839,058				
Share-based incentive compensation	-	-	802,425	802,425				
Acquisition and integration costs	-	845,945	1,609,319	2,455,264				
Other (income) expenses	(43,245)	2,209	127,382	86,346				
Total other expenses	(12,766)	1,254,348	12,562,524	13,804,106				
(Loss) earnings before income taxes	10,434,970	10,205,747	(12,494,424)	8,146,293				
Income tax expense	2,817,442	2,755,552	(2,717,654)	2,855,340				
Net (loss) earnings for the period	\$ 7,617,528	\$ 7,450,195	\$ (9,776,770) \$	5,290,953				

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

	Three Months Ended December 31, 2022								
		Cemetery	Funeral Home			Corporate	Total		
(Loss) earnings before income taxes	\$	10,434,970	\$	10,205,747	\$	(12,494,424) \$	8,146,293		
Adjusted for the impact of:									
Finance Costs		12,896		136,765		2,689,397	2,839,058		
Depreciation and amortization		582,466		2,339,955		174,890	3,097,311		
Cost of cemetery property		2,326,007		13,876		6,009	2,345,892		
EBITDA		13,356,339		12,696,343		(9,624,128)	16,428,554		
Share based compensation		-		-		802,425	802,425		
Acquisition and integration costs		-		845,945		1,609,319	2,455,264		
Other (income) expenses		(43,245)		2,209		127,382	86,346		
Adjusted EBITDA	\$	13,313,094	\$	13,544,497	\$	(7,085,002) \$	19,772,589		

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



	Cemetery	Fι	ineral Home	Corporate	Total
Revenue	-			-	
Sales	\$ 128,644,374	\$	203,418,011	\$ -	\$ 332,062,385
Income from care and maintenance funds	9,958,758		-	-	9,958,758
Interest and other income	4,357,360		990,422	232,026	5,579,808
Total revenue	 142,960,492		204,408,433	232,026	347,600,951
Operating expenses					
Cost of sales	32,190,528		27,947,086	-	60,137,614
General and administrative	37,042,174		105,864,471	-	142,906,645
Maintenance	21,205,452		5,766,633	-	26,972,085
Advertising and selling	 18,389,277		10,601,309	-	28,990,586
Total operating expenses	 108,827,431		150,179,499	-	259,006,930
Revenue less operating expenses	 34,133,061		54,228,934	 232,026	88,594,021
Other expenses					
Corporate general and administrative	-		-	31,773,327	31,773,327
Amortization of intangibles	65,820		1,436,712	122,444	1,624,976
Finance costs	183,588		1,066,688	17,004,204	18,254,480
Fair value adjustment on interest rate swaps	-		-	510,147	510,147
Share-based incentive compensation	-		-	5,713,588	5,713,588
Acquisition and integration costs	40,604		874,521	6,609,299	7,524,424
Other (income) expenses	 -		(57,813)	31,543,669	31,485,856
Total other expenses	 290,012		3,320,108	93,276,678	96,886,798
(Loss) earnings before income taxes	33,843,049		50,908,826	(93,044,652)	(8,292,777)
Income tax expense	 9,137,623		13,745,383	(23,563,169)	 (680,163)
Net (loss) earnings for the period	\$ 24,705,426	\$	37,163,443	\$ (69,481,483)	\$ (7,612,614)

Twelve Months Ended December 31, 2023

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

		Twe	elve	Months Ende	ed 1	December 31, 2023	3	
		Cemetery	metery Funeral Home			Corporate	Total	
(Loss) earnings before income taxes	\$	33,843,049	\$	50,908,826	\$	(93,044,652) \$	(8,292,777)	
Adjusted for the impact of:								
Finance Costs		183,588		1,066,688		17,004,204	18,254,480	
Depreciation and amortization		3,061,792		12,787,011		716,082	16,564,885	
Cost of cemetery property		6,927,005		48,275		-	6,975,280	
EBITDA		44,015,434		64,810,800		(75,324,366)	33,501,868	
Fair value adjustment on interest rate swaps		-		-		510,147	510,147	
Share based compensation		-		-		5,713,588	5,713,588	
Acquisition and integration costs		40,604		874,521		6,609,299	7,524,424	
Other (income) expenses		-		(57,813)		31,543,669	31,485,856	
Adjusted EBITDA	\$	44,056,038	\$	65,627,508	\$	(30,947,663) \$	78,735,883	

	Cemetery	Funeral Home	Corporate	Total
Revenue				
Sales	\$ 136,963,786	\$ 174,666,358	\$ - \$	311,630,144
Income from care and maintenance funds	9,333,384	-	-	9,333,384
Interest and other income	4,111,506	780,925	254,159	5,146,590
Total revenue	150,408,676	175,447,283	254,159	326,110,118
Operating expenses				
Cost of sales	29,834,454	25,269,625	-	55,104,079
General and administrative	41,881,252	91,312,530	-	133,193,782
Maintenance	21,624,899	5,323,833	-	26,948,732
Advertising and selling	19,731,648	10,292,513	-	30,024,161
Total operating expenses	113,072,253	132,198,501	-	245,270,754
Revenue less operating expenses	37,336,423	43,248,782	254,159	80,839,364
Other expenses				
Corporate general and administrative	-	-	25,355,488	25,355,488
Amortization of intangibles	-	1,051,066	133,575	1,184,641
Finance costs	449,335	578,936	7,301,468	8,329,739
Share-based incentive compensation	-	-	4,641,574	4,641,574
Acquisition and integration costs	4,418	1,670,216	5,371,835	7,046,469
Other (income) expenses	(1,904,476) 11,283	541,118	(1,352,075)
Total other expenses	(1,450,723) 3,311,501	43,345,058	45,205,836
(Loss) earnings before income taxes	38,787,146	39,937,281	(43,090,899)	35,633,528
Income tax expense	10,472,529	10,783,067	(10,746,833)	10,508,763
Net (loss) earnings for the period	\$ 28,314,617	\$ 29,154,214	\$ (32,344,066) \$	25,124,765

Twelve Months Ended December 31, 2022

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

	Twelve Months Ended December 31, 2022							
	Cemetery		Fu	Funeral Home		Corporate	Total	
(Loss) earnings before income taxes	\$	38,787,146	\$	39,937,281	\$	(43,090,899) \$	35,633,528	
Adjusted for the impact of:								
Finance Costs		449,335		578,936		7,301,468	8,329,739	
Depreciation and amortization		3,389,610		9,122,953		545,690	13,058,253	
Cost of cemetery property		7,508,956		58,386		24,038	7,591,380	
EBITDA		50,135,047		49,697,556		(35,219,703)	64,612,900	
Share based compensation		-		-		4,641,574	4,641,574	
Acquisition and integration costs		4,418		1,670,216		5,371,835	7,046,469	
Other (income) expenses		(1,904,476)		11,283		541,118	(1,352,075)	
Adjusted EBITDA	\$	48,234,989	\$	51,379,055	\$	(24,665,176) \$	74,948,868	

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 \$31,848,921 as of December 31, 2023, including \$17,687,005 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 which the Company did not renew in February 2024. 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 December 31, 2023, the Company was in compliance with both covenant tests with the Leverage Ratio being 1.95 times and the Interest Coverage Ratio being 5.99 times.

At December 31, 2023, the Company had \$145,521,738 outstanding on the Credit Facility including letters of credit totaling \$545,488. The Company has an undrawn balance on its Credit Facility of \$154,478,262 and \$17,687,005 in cash on hand as at December 31, 2023.

The Company has issued \$63,344,595 (C\$86,250,000) in publicly traded Debentures outstanding as of December 31, 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 were not redeemable before December 31, 2023.

As at December 31, 2023, the Company had other debt of \$14,952,394 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 December 31, the Company had \$15,037,406 in lease liabilities, and the Debentures balance of \$63,646,566, net of debt issuance costs and accretion expenses of \$1,302,284.

Management believes that cash from operating activities, future debt financings, and availability on the Company's 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 and Uncertainties**").

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.

	2024	2025	2026	2027	2028	Thereafter	Total
Credit facility	\$ -	\$ -	\$ -	\$ 144,976,250	\$ -	\$ -	\$ 144,976,250 ⁽¹⁾
Other long-term debt	30,477	13,532	5,458	-	-	-	49,467
Notes payable	4,110,625	2,110,623	1,658,842	1,561,301	1,304,304	4,157,232	14,902,927
Lease liabilities	2,605,536	2,212,457	2,010,485	1,710,914	1,481,635	12,130,849	22,151,876 ⁽²⁾
Senior Unsecured Debentures	-	63,646,566	-	-	-	-	63,646,566
Commitments	 7,288,690	163,910	986,672	1,005,956	1,025,239	48,062,357	58,532,824
Total	\$ 14,035,328	\$ 68,147,088	\$ 4,661,457	\$ 149,254,421	\$ 3,811,178	\$ 64,350,438	\$ 304,259,910

⁽¹⁾ Excludes letters of credit issued of \$545,488.

⁽²⁾ Includes interest on lease liabilities of \$7,114,470.

Commitments

As at December 31, 2023, the Company had 11 ongoing commitments (the "**Commitments**") with the remaining balance of \$58,532,824 for the construction of funeral homes and mausoleums, cemetery developments in the United States, a long-term commitment with one of its principal suppliers, commercial property lease for new corporate head office space in Houston, Texas and a construction commitment for the new space. To date, the Company spent \$11,508,599 on these commitments.

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 the Company 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, which in turn is expected to increase the Company's average inventory levels. The Company does not believe that its divestiture of the Disposed Businesses will negatively impact its ability to satisfy its commitment. To date, the Company has spent \$9,458,209 with a remaining commitment of \$40,541,791.

On September 19, 2023, the Company entered into a commercial property lease for new corporate head office space in Houston, Texas with an expected commencement date in the third quarter of 2024. The lease is for 135 months, and the base rent is approximately \$1,000,000 per annum.



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 twelve month period ended December 31, 2023, and 2022 compared to its dividend payout:

	Three Months Ended December 31,				Twelve Months Ended December 31,			
	2023			2022		2023		2022
Cash provided by (used in) operating activities	\$	8,454,497	\$	22,847,830	\$	58,137,780	\$	68,890,030
Maintenance capital expenditures		(4,367,824)		(5,819,650)		(9,586,501)		(12,418,549)
Inventory additions		(2,166,255)		(230,615)		(5,717,464)		(2,006,601)
Lease payments		(1,071,328)		(469,280)		(2,805,875)		(1,643,448)
Free cash flow from operations	\$	849,090	\$	16,328,285	\$	40,027,940	\$	52,821,432
Free cash flow from operations per common share-diluted	\$	0.024	\$	0.471	\$	1.150	\$	1.524
Dividends per common share	\$	0.090	\$	0.090	\$	0.360	\$	0.360
Payout ratio		374%		19%		31%		24%
Weighted average shares outstanding-diluted		35,298,089		34,641,420		34,815,788		34,664,014

As calculated above, the Company's Free Cash Flow from operations was \$849,090 for the three month period ended December 31, 2023, compared to \$16,328,285 for the same period in 2022 which is a decrease of \$15,479,195. The decrease in Free Cash Flow compared to the same period in 2022 is due to a significant decrease in cash received from the Company's net working capital in the quarter including payments made at the Disposed Businesses in the quarter, an increase in cash received from net working capital in the fourth quarter of 2022, an increase in interest paid in the fourth quarter of 2023, due to higher interest rates in 2023 compared to 2022, and additional lease payments from new acquisitions in 2023. Fluctuations in net working capital can be attributed to timing of cash receipts from customers, payments to vendors, tax installments, and payments to trusts. This represents Free Cash Flow per fully diluted Common Share of \$0.024 and \$0.471 for the three month period ended December 31, 2023, and 2022, respectively.

The Company's Free Cash Flow from operations was \$40,027,940 for the twelve month period ended December 31, 2023, compared to \$52,821,432 for the same period in 2022 which is a decrease of \$12,793,492. The decrease in Free Cash Flow compared to the twelve month period ended December 31, 2022 is primarily rated to differences previously noted during the fourth quarter of 2023. This represents Free Cash Flow per fully diluted Common Share of \$1.150 and \$1.524 for the twelve month period ended December 31, 2022, respectively.

The Company paid dividends of \$0.090 per Common Share for the three month period ended December 31, 2023, and 2022. The dividends paid represent 374% and 19% of Free Cash Flow for the three month period ended December 31, 2023, and 2022, respectively. The Company paid dividends of \$0.360 per Common Share for the twelve month period ended December 31, 2023, and 2022. The dividends paid represent 31% and 24% of Free Cash Flow for the twelve month period ended December 31, 2023, and 2022, respectively.

The Company makes quarterly dividend payments to its shareholders of record on the last business day of each quarter, with dividends expected to be paid in April, July, October, and January of each calendar year, subject to approval of the directors of the Company. The dividend rate is C\$0.114 per Common Share per quarter.

The following table sets forth the per Common Share amounts of quarterly dividends declared and paid by the Company in the twelve month period ended December 31, 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
September, 2023	September 29, 2023	October 16, 2023	C\$0.114
December, 2023	December 29, 2023	January 15, 2024	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 trustees 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 \$10,394,495 and \$9,777,138 to the Care and Maintenance Trust Funds for the twelve month period ended December 31, 2023, and 2022, respectively. The Care and Maintenance Trust Fund assets are included in the Consolidated Statement of Financial Position at market value. As of December 31, 2023, the aggregate balance of the Care and Maintenance Trust Funds was \$175,410,663 compared to \$209,459,602 as at December 31, 2022, which represents a decrease of \$34,048,939. The divestiture of the Disposed Businesses resulted in a reduction in 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 December 31, 2023, the Company had a net unrealized loss in the Care and Maintenance Trust Funds of \$1,356,195, which represents a 0.8% net unrealized loss to the original cost basis.

Pre-Need Merchandise and Service Trust Funds

The Company maintains separate trust funds for the deposit of cash received for the purchase of pre-need merchandise and services to be delivered at some future date (the "**Pre-Need Merchandise and Service Trust Funds**"). The trustees of the Pre-Need Merchandise and Service Trust Funds provide a monthly statement that includes an accounting of interest, dividends, realized capital gains/losses, and unrealized capital gains. The interest, dividends, and realized capital gains/losses are then allocated, on a pro-rata basis, over the principal amount held in trust for each contract and for each line item of the contract that is not yet delivered. When the contract becomes at-need and the performance obligations are met, the principal and accumulated earnings relating to the delivered items on the contract are withdrawn from the trust fund and recognized as income in accordance with relevant revenue recognition standards.

The Pre-Need Merchandise and Service Trust Fund assets are included in the Consolidated Statement of Financial Position at market value. The assets within the Pre-Need Merchandise and Service Trust Funds had a market value of \$174,873,817 on December 31, 2023, compared to \$239,292,825 as at December 31, 2022, which represents a decrease of \$64,419,008. The divestiture of the Disposed Businesses resulted in a reduction of the Pre-Need Merchandise and Service Trust Funds of \$83,363,046, offset by contributions to the Pre-Need Merchandise and Service Trust Fund by the Company and Acquired Operations 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 December 31, 2023, the Company had a net unrealized loss in the Pre-Need Merchandise and Service Trust Funds of \$5,171,491, which represents a 2.9% 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 December 31, 2023, the current face amounts of pre-funded policies totaled \$572,843,945 (\$532,083,602 as at December 31, 2022). Generally, families who have prearranged with the Company will receive a refund from the insurer 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 policies. Amounts funded through insurance are available to the Company when the funeral services are performed.

Finance Assurances

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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 December 31, 2023, the Company had surety bonds with an aggregate face value of \$1,362,113 (\$30,186,414 as at December 31, 2022).



Quarterly and Annual Information

	2023 Q4	2023 Q3	2023 Q2	2023 Q1	Year Ending Dec 31, 2023
Revenue	\$88,085,791	\$87,504,101	\$85,275,555	\$86,735,504	\$347,600,951
Revenue less operating expenses	\$23,355,363	\$21,091,328	\$21,043,308	\$23,104,022	\$88,594,021
(Loss) Earnings before income taxes	(\$24,480,256)	\$4,604,047	\$4,525,743	\$7,057,689	(\$8,292,777)
Net (loss) earnings	(\$19,260,833)	\$3,296,492	\$3,775,581	\$4,576,146	(\$7,612,614)
Adjusted net earnings (1)	\$8,712,994	\$5,399,944	\$7,696,906	\$8,615,331	\$30,425,175
Adjusted EBITDA ⁽²⁾	\$20,563,797	\$18,800,966	\$18,829,730	\$20,541,390	\$78,735,883
Revenue less operating expenses margin	26.5%	24.1%	24.7%	26.6%	25.5%
Adjusted EBITDA margin ⁽²⁾	23.3%	21.5%	22.1%	23.7%	22.7%
Net (loss) earnings per share - basic ⁽³⁾	(\$0.567)	\$0.096	\$0.110	\$0.134	(\$0.223)
Net (loss) earnings per share - diluted (3)	(\$0.567)	\$0.094	\$0.109	\$0.132	(\$0.223)
Adjusted Net Earnings per share - basic ^{(1), (3)}	\$0.256	\$0.157	\$0.224	\$0.251	\$0.893
Adjusted Net Earnings per share - diluted ^{(1), (3)}	\$0.247	\$0.153	\$0.222	\$0.249	\$0.874
Adjusted EBITDA per share - basic (2), (3)	\$0.605	\$0.546	\$0.548	\$0.600	\$2.310
Adjusted EBITDA per share - diluted $^{(2), (3)}$	\$0.583	\$0.534	\$0.543	\$0.594	\$2.261
	2022	2022	2022	2022	Year Ending
	Q4	Q3	Q2	Q1	Dec 31, 2022
Revenue	Q4 \$86,143,691	Q3 \$80,871,605	Q2 \$75,921,525	Q1 \$83,173,297	Dec 31, 2022 \$326,110,118
Revenue Revenue less operating expenses					
	\$86,143,691	\$80,871,605	\$75,921,525	\$83,173,297	\$326,110,118
Revenue less operating expenses	\$86,143,691 \$21,950,399	\$80,871,605 \$19,342,078	\$75,921,525 \$16,813,765	\$83,173,297 \$22,733,122	\$326,110,118 \$80,839,364
Revenue less operating expenses Earnings before income taxes	\$86,143,691 \$21,950,399 \$8,146,293	\$80,871,605 \$19,342,078 \$7,516,033	\$75,921,525 \$16,813,765 \$7,981,152	\$83,173,297 \$22,733,122 \$11,990,050	\$326,110,118 \$80,839,364 \$35,633,528
Revenue less operating expenses Earnings before income taxes Net earnings	\$86,143,691 \$21,950,399 \$8,146,293 \$5,290,953	\$80,871,605 \$19,342,078 \$7,516,033 \$5,323,908	\$75,921,525 \$16,813,765 \$7,981,152 \$5,807,886	\$83,173,297 \$22,733,122 \$11,990,050 \$8,702,018	\$326,110,118 \$80,839,364 \$35,633,528 \$25,124,765
Revenue less operating expenses Earnings before income taxes Net earnings Adjusted net earnings ⁽¹⁾	\$86,143,691 \$21,950,399 \$8,146,293 \$5,290,953 \$8,272,256	\$80,871,605 \$19,342,078 \$7,516,033 \$5,323,908 \$7,764,988	\$75,921,525 \$16,813,765 \$7,981,152 \$5,807,886 \$6,624,310	\$83,173,297 \$22,733,122 \$11,990,050 \$8,702,018 \$11,176,862	\$326,110,118 \$80,839,364 \$35,633,528 \$25,124,765 \$33,838,416
Revenue less operating expenses Earnings before income taxes Net earnings Adjusted net earnings ⁽¹⁾ Adjusted EBITDA ⁽²⁾	\$86,143,691 \$21,950,399 \$8,146,293 \$5,290,953 \$8,272,256 \$19,772,589	\$80,871,605 \$19,342,078 \$7,516,033 \$5,323,908 \$7,764,988 \$18,155,459	\$75,921,525 \$16,813,765 \$7,981,152 \$5,807,886 \$6,624,310 \$15,605,747	\$83,173,297 \$22,733,122 \$11,990,050 \$8,702,018 \$11,176,862 \$21,415,073	\$326,110,118 \$80,839,364 \$35,633,528 \$25,124,765 \$33,838,416 \$74,948,868
Revenue less operating expenses Earnings before income taxes Net earnings Adjusted net earnings ⁽¹⁾ Adjusted EBITDA ⁽²⁾ Revenue less operating expenses margin	\$86,143,691 \$21,950,399 \$8,146,293 \$5,290,953 \$8,272,256 \$19,772,589 25.5%	\$80,871,605 \$19,342,078 \$7,516,033 \$5,323,908 \$7,764,988 \$18,155,459 23.9%	\$75,921,525 \$16,813,765 \$7,981,152 \$5,807,886 \$6,624,310 \$15,605,747 22.1%	\$83,173,297 \$22,733,122 \$11,990,050 \$8,702,018 \$11,176,862 \$21,415,073 27.3%	\$326,110,118 \$80,839,364 \$35,633,528 \$25,124,765 \$33,838,416 \$74,948,868 24.8%
Revenue less operating expenses Earnings before income taxes Net earnings Adjusted net earnings ⁽¹⁾ Adjusted EBITDA ⁽²⁾ Revenue less operating expenses margin Adjusted EBITDA margin ⁽²⁾	\$86,143,691 \$21,950,399 \$8,146,293 \$5,290,953 \$8,272,256 \$19,772,589 25.5% 23.0%	\$80,871,605 \$19,342,078 \$7,516,033 \$5,323,908 \$7,764,988 \$18,155,459 23.9% 22.4%	\$75,921,525 \$16,813,765 \$7,981,152 \$5,807,886 \$6,624,310 \$15,605,747 22.1% 20.6%	\$83,173,297 \$22,733,122 \$11,990,050 \$8,702,018 \$11,176,862 \$21,415,073 27.3% 25.7%	\$326,110,118 \$80,839,364 \$35,633,528 \$25,124,765 \$33,838,416 \$74,948,868 24.8% 23.0%
Revenue less operating expenses Earnings before income taxes Net earnings Adjusted net earnings ⁽¹⁾ Adjusted EBITDA ⁽²⁾ Revenue less operating expenses margin Adjusted EBITDA margin ⁽²⁾ Net earnings per share - basic ⁽³⁾	\$86,143,691 \$21,950,399 \$8,146,293 \$5,290,953 \$8,272,256 \$19,772,589 25.5% 23.0% \$0.154	\$80,871,605 \$19,342,078 \$7,516,033 \$5,323,908 \$7,764,988 \$18,155,459 23.9% 22.4% \$0.155	\$75,921,525 \$16,813,765 \$7,981,152 \$5,807,886 \$6,624,310 \$15,605,747 22.1% 20.6% \$0.170	\$83,173,297 \$22,733,122 \$11,990,050 \$8,702,018 \$11,176,862 \$21,415,073 27.3% 25.7% \$0.255	\$326,110,118 \$80,839,364 \$35,633,528 \$25,124,765 \$33,838,416 \$74,948,868 24.8% 23.0% \$0.735
Revenue less operating expenses Earnings before income taxes Net earnings Adjusted net earnings ⁽¹⁾ Adjusted EBITDA ⁽²⁾ Revenue less operating expenses margin Adjusted EBITDA margin ⁽²⁾ Net earnings per share - basic ⁽³⁾ Net earnings per share - diluted ⁽³⁾	\$86,143,691 \$21,950,399 \$8,146,293 \$5,290,953 \$8,272,256 \$19,772,589 25.5% 23.0% \$0.154 \$0.153	\$80,871,605 \$19,342,078 \$7,516,033 \$5,323,908 \$7,764,988 \$18,155,459 23.9% 22.4% \$0.155 \$0.155	\$75,921,525 \$16,813,765 \$7,981,152 \$5,807,886 \$6,624,310 \$15,605,747 22.1% 20.6% \$0.170 \$0.167	\$83,173,297 \$22,733,122 \$11,990,050 \$8,702,018 \$11,176,862 \$21,415,073 27.3% 25.7% \$0.255 \$0.250	\$326,110,118 \$80,839,364 \$35,633,528 \$25,124,765 \$33,838,416 \$74,948,868 24.8% 23.0% \$0.735 \$0.725
Revenue less operating expenses Earnings before income taxes Net earnings Adjusted net earnings ⁽¹⁾ Adjusted EBITDA ⁽²⁾ Revenue less operating expenses margin Adjusted EBITDA margin ⁽²⁾ Net earnings per share - basic ⁽³⁾ Net earnings per share - diluted ⁽³⁾ Adjusted Net Earnings per share - basic ^{(1), (3)}	\$86,143,691 \$21,950,399 \$8,146,293 \$5,290,953 \$8,272,256 \$19,772,589 25.5% 23.0% \$0.154 \$0.153 \$0.240	\$80,871,605 \$19,342,078 \$7,516,033 \$5,323,908 \$7,764,988 \$18,155,459 23.9% 22.4% \$0.155 \$0.153 \$0.226	\$75,921,525 \$16,813,765 \$7,981,152 \$5,807,886 \$6,624,310 \$15,605,747 22.1% 20.6% \$0.170 \$0.167 \$0.194	\$83,173,297 \$22,733,122 \$11,990,050 \$8,702,018 \$11,176,862 \$21,415,073 27.3% 25.7% \$0.255 \$0.250 \$0.250 \$0.327	\$326,110,118 \$80,839,364 \$35,633,528 \$25,124,765 \$33,838,416 \$74,948,868 24.8% 23.0% \$0.735 \$0.725 \$0.990
Revenue less operating expenses Earnings before income taxes Net earnings Adjusted net earnings ⁽¹⁾ Adjusted EBITDA ⁽²⁾ Revenue less operating expenses margin Adjusted EBITDA margin ⁽²⁾ Net earnings per share - basic ⁽³⁾ Net earnings per share - diluted ⁽³⁾ Adjusted Net Earnings per share - basic ^{(1), (3)} Adjusted Net Earnings per share - diluted ^{(1), (3)}	\$86,143,691 \$21,950,399 \$8,146,293 \$5,290,953 \$8,272,256 \$19,772,589 25.5% 23.0% \$0.154 \$0.153 \$0.240 \$0.239	\$80,871,605 \$19,342,078 \$7,516,033 \$5,323,908 \$7,764,988 \$18,155,459 23.9% 22.4% \$0.155 \$0.155 \$0.153 \$0.226 \$0.224	\$75,921,525 \$16,813,765 \$7,981,152 \$5,807,886 \$6,624,310 \$15,605,747 22.1% 20.6% \$0.170 \$0.194 \$0.190	\$83,173,297 \$22,733,122 \$11,990,050 \$8,702,018 \$11,176,862 \$21,415,073 27.3% 25.7% \$0.255 \$0.255 \$0.250 \$0.327 \$0.321	\$326,110,118 \$80,839,364 \$35,633,528 \$25,124,765 \$33,838,416 \$74,948,868 24.8% 23.0% \$0.735 \$0.725 \$0.990 \$0.976

⁽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 and Adjusted EBITDA margin are non-IFRS measure. See "Discussion of Operating Results – Adjusted EBITDA" for reconciliation of the Company's Adjusted EBITDA and Adjusted EBITDA Margin.

⁽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. The loss in the fourth quarter of 2023 compared to the third quarter of 2023 is due to the sale of the Disposed Businesses. 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 to pre-pandemic levels in 2022 and 2023 as the pandemic trends 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

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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:

	Twelve Months Ended December 31,						
		2023	2022				
Key management compensation	\$	7,471,682	\$	5,777,969			
Directors' fees		465,388		570,684			
Total ⁽¹⁾	\$	7,937,070	\$	6,348,653			

⁽¹⁾ Chief Strategy Officer compensation is not included in 2022 key management compensation. Chief Strategy Officer appointed in 2023.

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 Funeral Homes

On July 17, 2023, PLC acquired substantially all the assets of Ward Funeral Home Limited, a business consisting of three standalone funeral homes in Brampton, Woodbridge and Toronto, Ontario, expanding PLC's geographic presence in the Greater Toronto Area. This business was owned in part by John Ward, a former director of the Company who did not stand for reelection to the Board for the 2023-2024 service year. As part of the acquisition, the Company entered into various lease agreements with the vendor and recognized a right-of-use asset and lease liability of \$8,724,437. The Company also recognized a below market lease asset of \$2,651,691 as part of these lease arrangements and this amount is included in right-of-use asset.

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 December 31, 2023.

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

Limitation on Scope of Design

The Chief Executive Officer and Chief Financial Officer have limited the scope of design of disclosure controls and procedures and internal control over financial reporting to exclude controls, policies and procedures of Cobb acquired in the second quarter of 2023 and Christy-Smith acquired in the fourth 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 December 31, 2023, related to the above mentioned acquisitions:

	Dece	mber 31, 2023 Cobb	December 31, 2023 Christy-Smith				
Revenue	\$	880,599	\$	233,219			
Net (loss) earnings	\$	(5,068)	\$	39,199			
Current assets	\$	-	\$	-			
Non-current assets	\$	2,740,172	\$	3,183,075			
Current liabilities	\$	-	\$	-			
Non-current liabilities	\$	216,027	\$	140,406			



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

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The authorized share capital of the Company consists of an unlimited number of Common Shares. As at December 31, 2023, there were 33,879,597 Common Shares issued and outstanding, net of Common Shares held by a Trust for the settlement of awards issued under the EIP, representing a decrease of 59,556 Common Shares since December 31, 2022. The decrease in the number of Common Shares is due to the repurchase of Common Shares by the Company pursuant to the NCIB, offset by the issuance of Common Shares pursuant to the Company's DRIP and EIP. As at December 31, 2023, 1,658,053 DSUs, RSUs, PSUs and Options were outstanding. For the settlement of equity awards and to meet its obligations under its DRIP, the Company has a remainder of 879,006 Common Shares reserved for issuance under the EIP, and 219,796 Common Shares reserved for issuance under the DRIP. As at March 7, 2024, there were 34,396,525 Common Shares issued and outstanding and 446,651 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.

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.

Since the inception of its NCIB which commenced on August 17, 2022, the Company has purchased 533,942 Common Shares through open market purchases on the TSX and/or alternative Canadian trading systems, at a weighted average price of approximately C\$21.69 per Common Share for total cash consideration, including commission, of \$8,556,649 (C\$11,578,635). For the twelve month period ended December 31, 2023, the Company purchased 332,957 Common Shares for aggregate



consideration of \$4,803,758 (C\$6,517,147). As at the date hereof, 447,934 Common Shares are held in the Trust for the settlement of awards issued under the EIP.

	December 31, 2023		December 31, 2022
Common shares repurchased under the NCIB and held in trust (number of shares)			
Outstanding, beginning of the period		200,985	-
Shares purchased		332,957	200,985
Shares used for EIP award redemptions		(86,008)	 -
Outstanding, end of the period		447,934	200,985
	1	December 31,	Deæmber 31,
		2023	 2022
Common shares repurchased under the NCIB and held in trust (number of			
shares)		332,957	200,985
Cash consideration paid	\$	4,803,758	\$ 3,752,891
Premium charged to retained earnings	\$	(216,627)	\$ 734,793
Reduction in common share capital	\$	5,020,385	\$ 3,018,098

Risks and Uncertainties

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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 under the section "Risk Factors", including without limitation, risks related to the declining number of deaths, inflationary pressures and supply chain interruptions, changing consumer preferences and cybersecurity risks facing the Company. 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 <u>www.sedarplus.com</u> and on the Company's website at <u>www.parklawncorp.com</u>.