Dye & Durham Corporation

Consolidated financial statements
[Expressed in thousands of Canadian dollars]
June 30, 2020 and 2019

Independent auditor's report

To the Shareholders of
Dye & Durham Corporation

Opinion

We have audited the consolidated financial statements of **Dye & Durham Corporation** [the "Company"], which comprise the consolidated statements of financial position as at June 30, 2020 and 2019, and the consolidated statements of income (loss) and comprehensive loss, consolidated statements of changes in shareholders' deficiency and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ["IFRS"].

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 *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

Other information

Management is responsible for the other information. Other information consists of Management's Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, 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.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 these consolidated 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 consolidated 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 Company'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 Company'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 consolidated 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

We 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

The partner in charge of the audit resulting in this independent auditor’s report is Martin Lundie.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
September 21, 2020

Dye & Durham Corporation

Consolidated statements of financial position

[Expressed in thousands of Canadian dollars]

As at June 30	2020	2019
	$	$
Assets		
Current		
Cash and cash equivalents	**2,569**	3,506
Receivables *[note 19]*	**11,849**	11,306
Prepaid expenses and other assets	**3,524**	2,945
	17,942	17,757
Non-current		
Other assets *[note 6]*	**952**	—
Property and equipment *[note 7]*	**1,978**	1,628
Right-of-use assets *[note 8]*	**6,066**	2,975
Intangible assets *[note 9]*	**87,521**	90,780
Goodwill *[note 10]*	**52,502**	48,526
Total assets	**166,961**	161,666
Liabilities and shareholders' deficiency		
Current		
Accounts payable and accrued liabilities *[note 12]*	**14,453**	6,416
Customer advances	**3,549**	3,689
Holdbacks on acquisitions *[note 11]*	**4,804**	5,125
Lease liabilities *[note 13]*	**2,138**	807
Loans and borrowings *[note 14]*	**6,650**	9,245
	31,594	25,282
Non-current		
Holdbacks on acquisitions *[note 11]*	**3,222**	750
Lease liabilities *[note 13]*	**5,906**	2,387
Loans and borrowings *[note 14]*	**180,861**	126,153
Derivative liability *[note 15]*	**5,466**	2,089
Deferred tax liabilities *[note 23]*	**8,782**	11,055
Total liabilities	**235,831**	167,716
Commitments and contingencies *[note 25]*		
Subsequent events [note 29]		
Shareholders' deficiency		
Capital stock *[note 17]*	**9,069**	16,926
Contributed surplus	**1,310**	997
Accumulated other comprehensive income	**(3,597)**	(1,668)
Deficit	**(75,652)**	(22,305)
	(68,870)	(6,050)
Total liabilities and shareholders' deficiency	**166,961**	161,666

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

On behalf of the Board:

"Signed"
Director - Randy Fowlie

"Signed"
Director - Brian Derksen

Dye & Durham Corporation

Consolidated statements of operations and comprehensive income

[Expressed in thousands of Canadian dollars]

Year ended June 30

	2020	2019
	$	$
Revenues *[note 22]*	**65,510**	43,845
Expenses		
Technology and operations *[note 27(a),(b),(c)]*	**(15,614)**	(8,971)
Direct costs	**(6,828)**	(2,536)
General and administrative *[note 27(a),(b),(c)]*	**(6,280)**	(4,123)
Sales and marketing *[note 27(a),(b),(c)]*	**(2,267)**	(2,022)
Income before the following	**34,521**	26,193
Finance costs *[note 28]*	**(20,882)**	(6,781)
Amortization and depreciation	**(14,955)**	(10,231)
Acquisition, restructuring and other costs *[note 24]*	**(8,720)**	(6,107)
Loss on settlement of loans and borrowings *[note 28]*	**(1,944)**	(918)
Loss on settlement of derivative *[note 15]*	**(2,123)**	—
Impairment of software technologies	**—**	(1,230)
Income before taxes	**(14,103)**	926
Current and deferred tax recovery (expense)	**2,866**	(216)
Net Income for the year	**(11,237)**	710
Other comprehensive income that may be reclassified to profit or loss in subsequent periods		
Exchange differences on translation of foreign operations	**(725)**	13
Settlement of derivative designated as cash flow hedge	**2,123**	—
Net change in fair value of derivative designated as cash flow hedge during the period, net of income taxes 2020: $889	**(3,327)**	(829)
Net other comprehensive income for the year	**(1,929)**	(816)
Total comprehensive income for the year	**(13,166)**	(106)
Net loss per common share *[note 16]*		
Basic and diluted [in dollars]	**(0.55)**	0.03
Weighted average number of shares outstanding		
Basic and diluted [in thousands]	**20,493**	20,465

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

Dye & Durham Corporation

Consolidated statement of changes in shareholders' deficiency

[Expressed in thousands of Canadian dollars and thousands of shares]

	Number of common shares #	Number of preferred shares #	Capital stock $	Contributed surplus $	Accumulated other comprehensive income $	Deficit $	Total $
Balance, June 30, 2018	20,465	3,203	13,358	774	(852)	(23,015)	(9,735)
Preferred share issuance *[note 17]*	—	634	3,568	—	—	—	3,568
Stock-based compensation	—	—	—	223	—	—	223
Comprehensive income for the period	—	—	—	—	(816)	710	(106)
Balance, June 30, 2019	20,465	3,837	16,926	997	(1,668)	(22,305)	(6,050)
Dividends *[note 17]*	**—**	**—**	**—**	**—**	**—**	**(42,110)**	**(42,110)**
Return of capital *[note 17]*	**—**	**—**	**(7,892)**	**—**	**—**	**—**	**(7,892)**
Stock options exercised *[note 17]*	**28**	**—**	**35**	**(16)**	**—**	**—**	**19**
Stock-based compensation *[note 18]*	**—**	**—**	**—**	**329**	**—**	**—**	**329**
Comprehensive income for the period	**—**	**—**	**—**	**—**	**(1,929)**	**(11,237)**	**(13,166)**
Balance, June 30, 2020	**20,493**	**3,837**	**9,069**	**1,310**	**(3,597)**	**(75,652)**	**(68,870)**

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

Dye & Durham Corporation

Consolidated statements of cash flows

[Expressed in thousands of Canadian dollars]

Years ended June 30

	2020	2019
	$	$
Cash flows from operating activities		
Net income for the year	**(11,237)**	710
Add (deduct) items not affecting cash		
Amortization and depreciation *[note 7] [note 9]*	**14,955**	10,231
Loss on settlement of loans and borrowings *[note 28]*	**1,944**	—
Loss on settlement of derivative *[note 15]*	**2,123**	—
Impairment of software technologies *[note 9]*	**—**	1,230
Stock-based compensation expense *[note 18]*	**329**	223
Deferred tax recovery (expense) *[note 23]*	**(2,940)**	1,201
Finance costs *[note 28]*	**1,336**	893
Changes in non-cash working capital balances *[note 26]*	**6,855**	(4,292)
Net cash provided by operating activities	**13,365**	10,196
Cash flows from financing activities		
Proceeds from share issuance *[note 16]*	**—**	3,568
Proceeds from exercise of stock options *[note 18]*	**19**	—
Return of capital *[note 17]*	**(7,892)**	—
Proceeds from loans and borrowings *[note 14]*	**192,017**	145,824
Payments for loans and borrowings *[note 14]*	**(142,810)**	(88,254)
Payments for lease obligations *[note 13]*	**(1,489)**	(748)
Payments for swap settlement *[note 15]*	**(873)**	—
Dividends *[note 17]*	**(42,110)**	—
Net cash provided by (used in) financing activities	**(3,138)**	**60,390**
Cash flows from investing activities		
Purchases of property and equipment *[note 7]*	**(707)**	(363)
Acquisition consideration paid, net of cash *[note 11]*	**(4,291)**	(60,491)
Payment of holdbacks *[note 11]*	**(3,847)**	(649)
Additions to intangible assets *[note 9]*	**(2,325)**	(5,476)
Sublease payments received	**138**	—
Royalty payments	**(136)**	(137)
Net cash used in investing activities	**(11,168)**	(67,116)
Change in cash during the year	**(941)**	3,470
Cash and cash equivalents, beginning of year	**3,506**	25
Effect of foreign exchange on cash	**4**	11
Cash and cash equivalents, end of year	**2,569**	3,506
Supplemental cash flow information		
Taxes paid	**124**	116
Interest paid	**19,841**	6,522

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

Notes to consolidated financial statements

[Expressed in thousands of Canadian dollars, except as indicated]

June 30, 2020 and 2019

1. Description of the business

Dye & Durham Corporation [the "Company"] is a provider of cloud-based software and technology solutions designed to improve efficiency and increase productivity for legal and business professionals. The Company provides critical information services and workflow, which clients use to manage their process, information and regulatory requirements. The Company's products provide automated public record due diligence searches, associated document preparation, and electronic public record filings related to legal due diligence, corporate formation and maintenance, lien registration, litigation and real estate conveyancing. The Company has operations in Canada and the United Kingdom ["U.K."] and serves a large customer base of legal firms, financial service institutions, and government organizations. The Company is incorporated and domiciled in Canada under the *Business Corporations Act* (Ontario). The Company's registered and head office is located at 4610 – 199 Bay St W, Toronto, ON, M5L 1E9.

On July 17, 2020, Dye & Durham Limited ["DND"] acquired a 100% ownership interest in Dye & Durham Corporation as part of a pre-closing reorganization ["Reorganization"] before DND's initial public offering ["IPO"]. DND completed its IPO, raising an aggregate of $172.5 million. The IPO was comprised of a distribution, including the over-allotment, of 20 million common shares from treasury in addition to the sale of 3 million common shares by certain shareholders at $7.50 per share. The IPO resulted in $150 million in gross proceeds to the Company.

2. Basis of preparation

These consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with International Financial Reporting Standards ["IFRS"] as issued by the International Accounting Standards Board ["IASB"].

The preparation of consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

The consolidated financial statements of the Company and its subsidiaries were authorized for issue in accordance with a resolution of the Board of Directors on September 18, 2020.

3. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied to all the years presented.

Basis of measurement

The consolidated financial statements are prepared on a going concern basis, under the historical cost convention except for certain financial assets and liabilities, which are presented at fair value in Canadian dollars, the Company's reporting currency. All financial information is presented in Canadian dollars rounded to the nearest thousands, except as otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, which are the entities over which the Company has control. Control exists when the entity is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control and continue to be consolidated until the date when such control ceases. The financial statements of the Company's subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-company balances, transactions, unrealized gains and losses resulting from intra-company transactions and dividends are eliminated in full.

These consolidated financial statements include the accounts of the Company and the following material subsidiaries as at June 30, 2020 and 2019:

		Ownership percentage	
Subsidiary	**Country of incorporation**	**June 30, 2020**	**June 30, 2019**
ESI Software Inc.	Canada	Amalgamated with the Company	100%
Stanley Davis Group Limited	United Kingdom	100%	—
Dye & Durham (UK) Limited	United Kingdom	100%	100%

Business combinations

Business combinations are accounted for using the acquisition method. In applying the acquisition method, the Company separately measures at their acquisition-date fair values, the identifiable assets acquired, the liabilities assumed, and goodwill acquired and any non-controlling interest in the acquired entity. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition costs in connection with a business combination are expensed as incurred.

Goodwill is measured as the excess of the fair value of the consideration transferred, less any non-controlling interest in the entity being acquired at the proportionate share of the recognized net identifiable assets acquired. Goodwill acquired through a business combination is allocated to each cash-generating unit ["CGU"] or group of CGUs that are expected to benefit from the related business combination. A group of CGUs represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, which is not higher than an operating segment. Goodwill is tested for impairment annually or more frequently if certain indicators arise that indicate they are impaired.

Foreign exchange

Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the consolidated statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the consolidated statement of operations and comprehensive income.

The assets and liabilities from foreign operations are translated at the year-end exchange rate and related revenues and expenses at the average exchange rate for the year. Differences resulting from the translation of foreign operations are recognized in other comprehensive income.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits held, and other short-term liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash.

Property and equipment

Property and equipment is recorded at acquisition cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of an asset. Depreciation is provided for annually using the following rates and methods:

Computer equipment	30%–55% declining balance
Furniture and equipment	20% declining balance
Leasehold improvements	Straight-line over the life of the lease

Property and equipment and any significant part initially recognized is derecognized upon disposal [i.e., at the date the recipient obtains control] or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset [calculated as the difference between the net disposal proceeds and the carrying amount of the asset] is included in the statement of operations and comprehensive income when the asset is derecognized. The residual values, useful lives and methods of depreciation of equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Intangible assets

The Company's intangible assets relate to developed software technology or acquired identifiable intangible assets, such as brands and trademarks, licenses and customer lists. Intangible assets acquired separately are measured on initial recognition at cost.

Research costs are expensed as incurred. Certain costs incurred in connection with the development of software to be used internally or for providing services to customers are capitalized once a project has progressed beyond a conceptual, preliminary stage to that of application development. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets when the following criteria are met:

- Technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Intention to complete and its ability and intention to use or sell the asset;

- The asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with a finite life are amortized over the estimated useful life. Intangible assets are amortized on a straight-line basis as follows:

Software technologies	3–5 years
Licenses	5–10 years
Customer lists	4–10 years

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets such as brands and trademarks that have an indefinite useful lives are not amortized. These assets have an indefinite useful lives because there is no foreseeable limit to the cash flows generated by those intangible assets. They are tested for impairment at least annually or more frequently when there is an indication that the asset has been impaired, either individually or at the CGU level. The assessment of an indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the consolidated statements of operation and other comprehensive income when the asset is derecognized.

Impairment of non-financial assets

Property and equipment and definite lived intangible assets are reviewed for impairment when events or circumstances indicate that the carrying amounts may not be recoverable. Intangible assets with an indefinite useful life or intangible assets not yet available for use are subject to an annual impairment test. Goodwill is not subject to amortization but is assessed for impairment on at least an annual basis and, additionally, whenever events and changes in circumstances suggest that the carrying amount may not be recoverable. The recoverable amount is estimated annually on June 30 of each year.

For purposes of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash inflows. The recoverable amount is the higher of an asset's, or groups of CGUs' fair value less costs to sell and value in use [being the present value of the expected future cash flows of the relevant asset or groups of CGUs]. An impairment loss is measured as the amount by which the asset's, or groups of CGUs', carrying amount exceeds its recoverable amount. Furthermore, the Company performs a market cap test comparing the current share price to the value in use. Impairment losses are recognized in the consolidated statements of operations and comprehensive income.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Initial recognition

Appropriate classification of financial assets and financial liabilities is determined at the time of initial recognition or when reclassified on the consolidated statements of financial position using one of the following measurement categories:

[i] Amortized cost;
[ii] Fair value through other comprehensive income ["FVTOCI"]; or
[iii] Fair value through profit or loss ["FVTPL"].

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, FVTOCI, or FVTPL. The classification of financial assets are generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Financial assets are subsequently measured at amortized cost if both the following conditions are met and they are not designated as FVTPL:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method and are subject to impairment. Gains and losses are recognized in the statement of operations and comprehensive income when the asset is derecognized, modified or impaired.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest rate method or at FVTPL. Financial liabilities are classified as FVTPL when the financial liability is [i] contingent consideration of an acquirer in a business combination; [ii] held for trading; or [iii] it is designated as FVTPL.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as a FVTPL upon initial recognition if:

[i] Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
[ii] The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis at a group level; or
[iii] It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as FVTPL.

For financial liabilities that are designated as FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in the consolidated statements of operations and comprehensive income. The remaining amount of change in the fair value of liability is recognized in the consolidated statements of operations and comprehensive income. The gain or loss recognized in the consolidated statements of operations and comprehensive income incorporates any interest paid on the financial liability and is included in finance costs, net.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination; (ii) held for trading; or (iii) designated as FVTPL are subsequently measured at amortized cost using the effective interest rate method. Interest paid from these financial liabilities is included in finance costs, net, using the effective interest rate method.

Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities, other than financial assets and financial liabilities classified as FVTPL, are added to or deducted from the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in consolidated statement of operations and comprehensive income.

Derivative financial instruments and hedging

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument.

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The Company designates certain qualifying derivatives as cash flow hedges. These are hedges of highly probable forecast transactions. The effective portion of changes in the fair value of derivatives that are designated as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statements of operations and other comprehensive income. In addition:

- Amounts accumulated in other comprehensive income are reclassified to the consolidated statements of operations and other comprehensive income in the period in which the hedged item will affect loss [for instance, when the forecast transactions that are hedged take place];
- When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss in other comprehensive income remains in other comprehensive income and is recognized when the forecast transaction is ultimately recognized in the consolidated statements of operations and other comprehensive income; and
- When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately recognized in the consolidated statements of operations and other comprehensive income.

Impairment of financial assets

As the Company's financial assets are substantially made up of trade receivables, which are measured at amortized cost, the Company has elected to apply the simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses ["ECL"]. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The Company measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component. The Company has also elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets.

Provisions

Provisions are recognized when the Company has a present obligation [legal or constructive] as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statements of operations and comprehensive income, net of any reimbursement.

Share-based compensation

The Company also grants stock options to certain employees. When the stock options are exercised, the Company issues new common shares. The consideration received on the exercise of stock options is credited to share capital at the time of exercise. The Company's stock option compensation plan is described in note 16. Stock options generally vest over four years in a tiered manner and expire after five years. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period on a straight-line basis based on the number of awards expected to vest, with a corresponding credit to contributed surplus. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately. The stock options recognized is also determined based on management's grant date estimate of the forfeitures that are expected to occur over the life of the stock options. The number of stock options that actually vest could differ from the estimated number of awards expected to vest and any differences between the actual and estimated forfeitures are recognized prospectively as they occur.

Revenue from contracts with customers

The Company's main source of revenue is transaction fees earned through charging customers for the use of the Company's portals and provision of related services to the customers. In addition, the Company also generates revenue from software subscriptions and licenses for its legacy on-premise products and support services.

The Company recognizes revenue to depict the transfer of promised services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services by applying the following steps:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price; and

Recognize revenue when, or as, the Company satisfies a performance obligation.

The Company follows the guidance provided in IFRS 15 – Appendix B, Principal versus Agent Considerations, for determining whether the revenue should be recognized based on the gross amount billed to a customer or the net amount retained. This determination is a matter of judgment that depends on the facts and circumstances of each arrangement. Government disbursements and sales taxes collected from the customers and remitted to government authorities are excluded from revenue.

The Company's contracts with customers may include multiple products and services. The Company evaluates these arrangements to determine the appropriate unit of accounting [performance obligation] for revenue recognition purposes based on whether the product or service is distinct from some or all of the other products or services in the arrangement. A product or service is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company's promise to transfer the good or service is separately identifiable from other promises in the contractual arrangement with the customer. Non-distinct products and services are combined with other goods or services until they are distinct as a bundle and therefore form a single performance obligation. Each transaction undertaken for transaction fee arrangements is distinct for the Company and is accounted for as separate performance obligation. Under software subscription and license revenue arrangements, subscription to access and use the Company's cloud-based solution is accounted for as a single performance obligation and the sale of term licenses and support services are capable of being distinct and are accounted for as separate performance obligations.

The total consideration for the arrangement is allocated to the separate performance obligations based on their relative fair value and the revenue is recognized for each performance obligation when the requirements for revenue recognition have been met. The Company determined that there are no directly observable estimates available for the term license and the support services and the Company used the residual approach to allocate total transaction price. Under the residual approach, the stand alone selling price for the term licenses is estimated to be the total transaction price less the estimated standalone selling price for the support services. Standalone selling price for the support services is determined based on cost plus reasonable margin basis.

Transaction fees revenue

The majority of revenue from the Company is contracted with its customers for the use of its portals and services, and each transaction undertaken is generally a performance obligation. The Company has concluded that revenue should be recognized at the point in time when control of the promised good or service is transferred to the Company's customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. As such, these transaction fees are recognized upon completion of each respective transaction. Transaction fees are recognized net of discounts, sales taxes and direct government levied fees.

Customer advances represent amounts paid by customers on an ongoing basis prior to services being rendered. These deposits are non-interest bearing and repayable to customers upon demand.

Software subscription and license revenue

The majority of software subscription and licence revenue is an online cloud-based solution, as well as the Company's legacy on-premise solution, which is downloaded by the customer and installed on the customer's server. The Company's legacy on-premise solution is sold as a term licence with support services. Term licenses provide the customer with the right to use software for a specified period in exchange for a fee, which may be paid at contract inception or paid in installments over the period of the contract. Terms licenses are only sold to existing term license customers on renewal.

The Company recognizes revenue for its software subscriptions for the cloud-based solutions ratably over the contract term. Term license revenue is recognized at the time that both the right to use the software has commenced and the software has been made available to the customer which is at the time of signing the renewal contract.

Support services revenue

Support services related to the term license arrangements consists primarily of technical support and the provision of unspecified upgrades and updates made on a when-and-if-available basis. The amount of the contract price associated with support services revenue is deferred and recognized as revenue over the contract term.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the consolidated statements of operations and comprehensive income except to the extent that it relates to items recognized directly in other comprehensive income or equity, in which case the income tax is also recognized directly in other comprehensive income or equity.

Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided for based on temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it will not be recognized.

Income per share

Basic income per share is calculated using the weighted average number of shares outstanding during the year.

The Company computes the dilutive effect of options, warrants, convertible notes, and similar instruments whereby the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

4. Significant accounting judgements and estimates

The preparation of the Company’s consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The Company bases its estimates on historical experience as well as on various other assumptions that are believed to be reasonable under the circumstances at the time. Under different assumptions or conditions, the actual results would differ, potentially materially, from those previously estimated. Many of the conditions impacting these assumptions and estimates are beyond the Company's control. Revisions to the accounting estimates are recognized in the period in which the estimates are revised and will be recorded with corresponding impact on net loss.

For fiscal year 2020, the World Health Organization declared the coronavirus ["COVID-19"] a global pandemic on March 11, 2020. The COVID-19 pandemic has negatively impacted the global economy and economic outlook, disrupted global supply chains, lowered equity market valuations, lowered interest rates, created significant volatility and disruption in financial markets, increased unemployment levels and increased credit and market risk. In addition, governments and regulatory bodies have implemented several measures, including temporary closures of a number of businesses and the institution of social distancing and sheltering in place requirements in many of the jurisdictions in which we operate. Governments, monetary authorities and regulators have also taken actions to support individuals, the economy, capital markets, and the financial system, including taking fiscal and monetary measures to support incomes, businesses, liquidity, and regulatory actions in respect of financial institutions. The extent to which the COVID-19 pandemic impacts our business, results of operations, liquidity ratios, as well as its impact on our customers, will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and actions taken by governmental and regulatory authorities, which could vary by country, and other third parties in response to the pandemic. The COVID-19 pandemic may also impact our ability to achieve, or the timing to achieve, certain previously announced targets, goals and objectives.

The full extent of the impact that COVID-19, including government and/or regulatory responses to the outbreak, will have on the Canadian and U.K. economies is highly uncertain and difficult to predict at this time. By their very nature, the judgments and estimates we make for the purposes of preparing our financial statements relate to matters that are inherently uncertain. We believe that our estimates of the value of our assets and liabilities are appropriate as at June 30, 2020.

Significant assumptions about the future and other sources of estimation uncertainty that management has made, relate to, but are not limited to the following:

Business combinations - 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 judgements and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. In the event any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, the Company determines 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 the discount rate applied. Changes in these assumptions could result in a change to the net assets acquired as part of the business combination.

Goodwill and indefinite-lived intangible assets - The Company performs asset impairment assessments for indefinite-lived intangible assets and goodwill on an annual basis, or on a more frequent basis when circumstances indicate impairment may have occurred.

Goodwill is allocated to a CGU or group of CGUs for the purposes of impairment testing based on the level at which senior management monitors it, which is not larger than an operating segment. The testing for impairment of either an intangible asset or goodwill is to compare the recoverable amount of the asset, CGU or group of CGUs to the carrying amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets, in which case the asset is assessed as part of the CGU or group of CGUs to which it belongs. The recoverable amount calculations use a discounted cash flow model. The recoverable amount is sensitive to the discount rate used for the model as well as the expected future cash flows and the growth rate used for extrapolation purposes. Changes in certain assumptions could result in an impairment loss being charged in future periods. The key assumptions used to determine the recoverable amount for the different CGUs or groups of CGUs are disclosed and further explained in note 9.

Impairment of long-lived assets - Long-lived assets primarily include property and equipment and intangible assets. An impairment loss is recognized when the carrying value of the CGU, which is defined as the smallest identifiable group of assets that generates cash flows that are largely independent of the cash flows from other assets or groups, exceeds the CGU's recoverable amount, which is determined using a discounted cash flow method. The Company tests the recoverability of its long-lived assets when events or circumstances indicate that the carrying values may not be recoverable. While the Company believes that no impairment is required, management must make certain estimates regarding the Company's cash flow projections that include assumptions about growth rates and other future events. Changes in certain assumptions could result in an impairment loss being charged in future period.

Income taxes - The determination of income tax expense and deferred tax involves judgement and estimates as to the future taxable earnings, expected timing of reversals of deferred tax assets and liabilities, and interpretations of laws in the countries in which the Company operates. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these estimates may materially affect the final amount of deferred taxes or the timing of tax payments.

Fair value of share-based compensation - The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair value for share-based compensation transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility, dividend yield and forfeiture rates and making assumptions about them. The assumptions and models used for estimating fair value for share-based compensation transactions are disclosed in note 16.

Fair value of financial instruments - When the fair value of financial assets and financial liabilities recorded in the consolidated statements of financial position cannot be derived from active markets, the fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible. Where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Volatility has been determined by calculating the degree of variation of trading prices over time of peers in the market. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

5. Changes in accounting policies

The relevant changes in accounting policies are described below.

IFRIC 23 – Uncertainty over Income Tax Treatments

On June 23, 2017, the IASB issued International Financial Reporting Interpretations Committee ["IFRIC"] Interpretation 23, *Uncertainty over Income Tax Treatments*, which clarifies how to apply the recognition and measurement requirements in IAS 12, *Income Taxes*, when there is uncertainty over income tax treatments. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019, with earlier application permitted. The Company adopted the new Interpretation beginning July 1, 2019. The adoption of IFRIC 23 did not have any significant impact on the financial statements of the Company. The Company operates in Canada and the UK and as such, is subject tom and pays taxes under the regime in place within these countries, which are governed by general corporate tax laws. The Company has filed, and continues to file, all required tax returns and pays the taxes reasonably determined to be due. The Company determined that it is probable that its tax treatments [including those for the subsidiaries] will be accepted by the taxation authorities.

6. Other assets

Other assets are comprised of the following:

	2020 $
Prepaid expenses	**226**
Net investment in finance lease	**726**
	952

7. Property and equipment

Cost	Computer equipment	Furniture, equipment and leasehold improvements	Total
	$	$	$
Balance, June 30, 2018	1,743	1,206	2,949
Additions	309	327	636
Acquired through acquisitions	28	—	28
Balance, June 30, 2019	2,080	1,533	3,613
Additions	**119**	**588**	**707**
Acquired through acquisitions	**139**	**30**	**169**
Balance, June 30, 2020	**2,338**	**2,151**	**4,489**
Accumulated depreciation			
Balance, June 30, 2018	1,272	221	1,493
Depreciation	240	252	492
Balance, June 30, 2019	1,512	473	1,985
Depreciation	**173**	**353**	**526**
Balance, June 30, 2020	**1,685**	**826**	**2,511**
Carrying value			
Balance, June 30, 2019	568	1,060	1,628
Balance, June 30, 2020	**653**	**1,325**	**1,978**

8. Right-of-use assets

The Company has lease contracts for office space and data center equipment which range from 2 to 6 years. The following table presents the right-of-use assets for the Company as at June 30, 2020:

	$
Balance, July 1, 2018	2,431
Additions	413
Additions through acquisitions	820
Depreciation expense	(689)
Balance, June 30, 2019	2,975
Additions	**4,192**
Additions through acquisitions	**1,353**
Net investment in sublease	**(1,292)**
Depreciation expense	**(1,142)**
Effects of foreign exchange	**(20)**
Balance, June 30, 2020	**6,066**

The Company classified an amount of $1,292 relating to a sublease as an investment in finance lease and derecognized the related ROU asset in respect of the sublease.

9. Intangible assets

Cost	Software technologies	Brand and trademarks	Licenses	Customer lists	Total
	$	$	$	$	$
Balance, June 30, 2018	7,914	2,099	9,100	32,433	51,546
Additions	3,825	—	—	—	3,825
Acquired through acquisitions	21,264	3,181	12,710	16,946	54,101
Impairment	(1,230)	—	—	—	(1,230)
Balance, June 30, 2019	31,773	5,280	21,810	49,379	108,242
Additions	**2,325**	**—**	**—**	**—**	**2,325**
Acquired through acquisitions	**758**	**677**	**—**	**6,575**	**8,010**
Effects of foreign exchange	**(127)**	**(22)**	**—**	**(184)**	**(333)**
Balance, June 30, 2020	**34,729**	**5,935**	**21,810**	**55,770**	**118,244**
Accumulated amortization					
Balance, June 30, 2018	3,096	—	1,138	4,179	8,413
Amortization	3,363	—	1,334	4,352	9,049
Balance, June 30, 2019	6,459	—	2,472	8,531	17,462
Amortization	**5,075**	**—**	**2,181**	**6,031**	**13,287**
Effects of foreign exchange	**(9)**	**—**	**—**	**(17)**	**(26)**
Balance, June 30, 2020	**11,525**	**—**	**4,653**	**14,545**	**30,723**
Carrying value					
Balance, June 30, 2019	25,314	5,280	19,338	40,848	90,780
Balance, June 30, 2020	**23,204**	**5,935**	**17,157**	**41,225**	**87,521**

On June 18, 2019, the Company purchased the customer lists of KVP Registrations Services Ltd. [“KVP”] for total consideration paid of $2,250, with an upfront payment of $750 and residual holdbacks totaling $1,500 payable over the following two years. Holdback payments totaling $200 were paid in May and June 2020.

For the year ended June 30, 2019, an impairment charge of $1,230 was recognized for the discontinuation of an internally developed software project as the equivalent technology was acquired through the Cyberbahn acquisition. There was no impairment recorded in the year ended June 30, 2020.

10. Goodwill

	$
Balance, June 30, 2018	34,749
Additions	13,777
Balance, June 30, 2019	48,526
Additions	4,540
Purchase consideration upon finalization of Index' working capital	(206)
Effects of foreign exchange	(358)
Balance, June 30, 2020	**52,502**

The Company performed its annual impairment test for goodwill and intangible assets with indefinite useful lives as at June 30, 2020. Goodwill is tested for impairment at the operating segment level, which represents a group of CGUs. Intangible assets with indefinite useful lives are tested for impairment at the CGU level. The Company determined through its annual impairment test that the recoverable amount was greater than the carrying amount and as a result no impairment charge is required.

Valuation approach and significant assumptions

The recoverable amount is the higher of [i] an asset's or CGU's fair value less costs to sell; and [ii] its value-in-use. Under the value-in-use approach, fair value is calculated based on the present value of future cash flows expected to be derived. In performing the annual impairment test for the Company's CGUs, the Company measured the value-in-use incorporating certain key management assumptions. The discounted cash flow method was used, which involves projecting cash flows and converting them into a present value equivalent through discounting.

For the purpose of the impairment tests, management projected revenue, operating margins and other cash flows. In arriving at its forecasts, the Company considered past experience as well as economic, market and industry trends. In addition, The Company assumed a market post-tax discount rate in order to calculate the present value of its projected cash flows. The post-tax discount rate represented a weighted average cost of capital ["WACC"] for comparable companies operating in similar industries, based on publicly available information. Determination of the WACC requires separate analysis of the cost of equity and debt and considers a risk premium based on an assessment of risks related to the projected cash flows of the Company. Growth rates are based on management's best estimates considering historical and expected operating plans, strategic plans and industry outlook.

Management performed various sensitivity analyses on the key assumptions. Sensitivity analysis indicates reasonable changes to key assumptions will not result in an impairment loss.

11. Acquisitions

Acquisitions that are determined to be business combinations have been recorded under the purchase method of accounting and results have been included in the consolidated statements of operations and comprehensive income from their respective acquisition dates.

Accordingly, the allocation of the purchase price to assets and liabilities is based on the fair value, with the excess of the purchase price over the fair value of the assets acquired being allocated to goodwill.

Notes to consolidated financial statements

[Expressed in thousands of Canadian dollars, except as indicated]

June 30, 2020 and 2019

For certain acquisitions made, management assessed the information obtained, including evaluating impact and assumptions to be used in estimating the fair value of the intangible assets and deferred taxes. The allocation of the fair value to the identifiable assets acquired and liabilities assumed as at the date of acquisition were as follows:

Fiscal 2019 and Fiscal 2020 acquisitions:

	2019			**2020**
	CB & MDO [a]	**Other [b]**	**Total**	**Total [c]**
	$	$	$	$
Consideration paid	39,827	20,621	60,448	5,062
Holdbacks / deferred consideration	3,000	1,393	4,393	6,292
Total purchase price	**42,827**	**22,014**	**64,841**	**11,354**
Current assets	4,309	538	4,847	3,206
Equipment	—	28	28	169
Software technologies	13,680	7,584	21,264	758
Customer lists	8,250	5,982	14,232	6,575
Brands and trademarks	1,000	2,181	3,181	677
Licenses	12,710	—	12,710	—
Right of use asset	820	—	820	1,353
Liabilities assumed	(1,666)	(751)	(2,417)	(4,385)
Deferred tax liability	—	(3,602)	(3,602)	(1,539)
Goodwill	**3,724**	**10,054**	**13,778**	**4,540**

The goodwill recognized in connection with the above acquisitions is primarily attributable to the anticipated improvement in the operations of the companies acquired and synergies with existing operations as a result of implementation of management's business strategies and methodologies. Goodwill also includes other intangibles such as assembled workforce that do not qualify for separate recognition under IFRS.

[a] Acquisition of Cyberbahn and Marque d'or

On March 8, 2019, the Company completed the acquisition of Cyberbahn ["CB"] and Marque d'or ["MDO"] for a total consideration of $42,827, with an upfront payment of $39,827 and a holdback of $3,000. The holdbacks totaling to $3,000 relate to obtaining consents and audited financial statements as required in the purchase agreement and were paid in May 2020.

The purchase price allocation for these acquisitions was finalized during the third quarter of fiscal 2020.

[b] 2019 other

In 2019 the Company completed acquisitions for a total consideration of $22,014 with an upfront payment of $20,621 [£5,500] and deferred consideration of $1,393 [£800]. As of June 30, 2020, the Company has paid $522 of the deferred consideration and the remainder is to be settled by November 2, 2020.

The Company finalized the purchase price allocation during the year ended June 30, 2019, and during the third quarter of fiscal 2020, resulting in an adjustment to net working capital of $206.

[c] 2020 total

In 2020 the Company completed acquisitions for a total consideration of $11,354 with an upfront payment of $5,062 and deferred consideration of $6,292. As of June 30, 2020, the Company has paid $522 of the deferred consideration and the remainder is to be settled by November 2, 2020.

The purchase price allocation is considered to be preliminary and subsequent adjustments during the measurement period will occur as the Company completes its estimation of the fair values of assets acquired and liabilities assumed, including the valuation of intangible assets.

12. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are as follows:

	2020	**2019**
	$	$
Trade payables	**6,978**	2,859
Payroll accruals	**400**	613
Sales taxes payable	**2,930**	555
Accrued liabilities	**4,145**	2,389
	14,453	6,416

13. Lease liabilities

The Company has lease contracts for office space and data center equipment. As at June 30, 2020, the weighted average remaining lease term is approximately four years. The following table details the remaining undiscounted future lease payments, and the corresponding future accretion:

Cost	$
Balance, July 1, 2018	2,431
Additions	497
Additions through acquisitions	820
Interest accretion	273
Lease repayments	(827)
Balance, June 30, 2019	3,194
Additions	**4,546**
Additions through acquisitions	**1,353**
Interest accretion	**463**
Lease repayments	**(1,489)**
Effects of foreign exchange	**(23)**
Balance, June 30, 2020	**8,044**
Current	**2,138**
Non-current	**5,906**

Total accretion or interest expense recognized in the consolidated statements of operations and comprehensive income for the year ended June 30, 2020 amounted to $463 [2019 – $273].

14. Loans and borrowings

Loans and borrowings comprise the following:

	June 30, 2020	**June 30, 2019**
	$	$
Current		
Term credit facility [a][b]	**6,650**	9,245
Non-current		
Revolving credit facility [a][b]	**9,000**	8,000
Term credit facility [a][b]	**171,861**	108,279
Other Loan [a]	—	9,874
	180,861	126,153
Total	**187,511**	135,398

Credit facilities

[a] Original credit facilities

During the year ended June 30, 2019, the Company refinanced its existing loans with amended loan facilities with the same lender. Under the amended loan facilities agreement, the lenders agreed to provide term loan facilities in the amount of $112,375 ["Term Facility A"] and £5,500 ["Term Facility B"] [collectively, "Term credit facilities"] and a revolving credit facility up to $10,000 [collectively, "Original Credit Facilities"] with a drawn amount of $8,000 as at June 30, 2019. The revolving credit facility and the Term Facility A carried an interest rate that ranged from prime rate plus 1.25% to 2.75% per annum depending on the Company's debt to earnings ratio. The Term Facility B carried an interest rate that ranges from LIBOR rate plus 2.50% to 4.00% per annum depending on the Company's debt to earnings ratio.

The Company also obtained another loan amounting to $10,000 on March 8, 2019. This loan from was repayable in full on or before September 6, 2024 and carried an interest rate equal to 13% per annum with 8% payable in cash and 5% payable in kind, which is added to the outstanding balance of the loan on a monthly basis. An amount of $10,000 was outstanding on the loan plus $154 cumulative interest payable in kind as at June 30, 2019.

The Original Credit Facilities were secured by a first ranking security over all present and after-acquired properties in the form of general security agreement, deed of hypothec and assignment of insurance/other appropriate documents; first ranking pledges of equity interests of the obligors and persons other than the obligors; first ranking security on intellectual property; assignment of material contracts and permits; unconditional guarantees and indemnities by all of the obligors; limited recourse guarantee and pledge by each shareholder; and a subordination agreement related to the loan. The loan has similar securities but is subordinated to the Term credit facilities in terms of principal and interest.

The revolving facility, the Term credit facilities and loan contained affirmative and negative covenants, as well as financial covenants such as debt to EBITDA and fixed charge coverage ratios.

The revolving credit facility, the Term credit facilities and the Other Loan were fully repaid on July 11, 2019. The unamortized portion of loan fees of $1,944 was recognized as loss on settlement of loans and borrowings.

[b] New credit facility

On July 11, 2019, the Company settled the Original Credit Facilities and the Other Loan and replaced it with a new credit facility ["New Credit Facility"]. The aggregate amount committed under the New Credit Facility is $200,000 comprising [i] a $10,000 revolving loan facility [the "Revolver Commitment"] to be used for working capital and general corporate purposes; and [ii] a $190,000 term loan facility [the "Term Loan Commitment"].

The Company received total gross cash proceeds of $190,000 under the Term Loan Commitment and incurred financing fees of $6,983. The Term Loan Commitment bears an interest rate of the lower of [i] Banker's Acceptance ["BA"] rate + 6.5% and [ii] the prime rate of interest + 5.5% payable quarterly or monthly. Principal repayments of $1,665 are due on a quarterly basis on the term loan. The facility matures on July 11, 2024. The Term Loan Commitment is classified as a financial liability at amortized cost and accounted for using the effective interest rate method.

Similar to the original credit facility, the new credit facility was secured by a first ranking security over all present and after-acquired properties in the form of general security agreement, deed of hypothec and assignment of insurance/other appropriate documents. The Term Loan Commitment contains a financial covenant based on Total Net Leverage Ratio. Total Net Leverage Ratio is defined as the ratio of total net debt to adjusted earnings before interest, tax, depreciation and amortization ["Adjusted EBITDA"]. The Company was in compliance with the financial ratio covenant at June 30, 2020.

As at June 30, 2020, the Company drew down $9,000 from the Revolver Commitment.

	$
Principal balance	**199,000**
Less	
Principal payments	**(5,700)**
Issuance cost less accretion expense	**(5,789)**
Balance, June 30, 2020	**187,511**
Current	**6,650**
Non-current	**180,861**

15. Derivative liability

[a] Original derivative swap

On May 9, 2018, the Company executed an interest rate swap, which exchanged its floating interest rate obligation on a notional $50,000 of bank loans for a fixed interest rate payment of 2.75% on the notional amount. The interest rate swap had a four-year term ending May 9, 2022. Under the terms of the interest rate swap agreement, the Company was obligated to make monthly fixed interest rate payments of $115 over the term of the swap agreement and in exchange receives floating rate interest payments on the notional amount. On April 30, 2019, the Company entered into an additional interest rate swap with the same bank, which exchanged its floating interest rate obligation on a notional $50,000 of bank loans for a fixed interest rate payment of 2.05% on the notional amount. The interest rate swap has a five-year term ending March 8, 2024. On July 11, 2019, the Company settled the interest rate swap from settling the Original Credit Facilities and recorded a loss on settlement of $2,123.

[b] New derivative swap

On August 29, 2019, the Company entered into a new interest rate swap with one of the two new lenders, which exchanged its floating interest rate obligation on a notional $150,000 of the Term Loan Commitment for a fixed interest rate payment of 1.88% per annum on the notional amount. The interest rate swap has a five-year term ending July 11, 2024. The Company has designated the new interest rate swap as a cash flow hedge and any subsequent changes in fair value will be recorded in other comprehensive income until settlement.

Derivative liability

The derivative liability is included in other assets. Below is a reconciliation of derivative asset / liability as at June 30, 2020 and as at June 30, 2019:

	$
Derivative liability as at June 30, 2018	(703)
Fair value adjustment of original swap	(1,386)
Derivative liability as at June 30, 2019	(2,089)
Fair value adjustment of original swap	**(34)**
Settlement of swap	**2,123**
Monetization	**(1,250)**
Fair value adjustment of new swap	**(4,216)**
Derivative liability as at June 30, 2020	**(5,466)**

On December 16, 2019, the Company monetized the derivative swap for total cash proceeds of $1,250 and maintained the cash flow hedge relationship by increasing the fixed interest rate payment to 2.09% per annum on the notional amount. As at June 30, 2020, the fair value of the interest rate swap was a liability of $5,466 [June 30, 2019 – liability of $2,089].

16. Earnings per share

Basic earnings per share is calculated by dividing the net loss attributable to owners of the parent by the weighted average number of common shares issued and outstanding during the year. The convertible preferred shares and stock options are anti-dilutive for the year ended June 30, 2020.

	2020	**2019**
Income attributable to equity shareholders of the Company	**$(11,237)**	$710
Weighted average number of common shares issued [thousands]	**20,493**	20,465
Basic earnings per share	**$(0.55)**	$0.03

	2020	**2019**
Income attributable to equity shareholders of the Company	**$(11,237)**	$710
Weighted average number of common shares issued [thousands]	**20,493**	20,465
Adjustments for:		
Convertible preferred shares [thousands]	**—**	3,783
Stock options [thousands]	**—**	88
	20,493	24,336
Diluted earnings per share	**$(0.55)**	$0.03

17. Capital stock

The authorized share capital of the Company consists of an unlimited number of common shares, an unlimited number of redeemable Series 1 preferred shares, an unlimited number of Series 2 preferred shares, an unlimited

number of class A common shares, and an unlimited number of class B common shares. As at June 30, 2020 and 2019, no class A or class B common shares have been issued.

The Company's common shares are without par value, voting and entitled to receive dividends.

The Company's Series 1 and 2 preferred shares are convertible, without par value, non-voting and entitled to receive non-cumulative dividends payable to the Series 1 and 2 preferred shares on a pro rata basis with any dividends, returns of capital or other distributions paid to holders of common shares [on the basis of conversion of the Series 1 and 2 preferred shares into common shares]. Series 1 and 2 preferred shares are classified as equity.

Issued

	2020 # 000s	**2019** # 000s
Common shares	**20,493**	20,465
Series 1 preferred shares	**3,203**	3,203
Series 2 preferred shares	**634**	634
	24,330	24,302

In 2019, the Company issued 634 thousand Series 2 preferred shares for consideration of $3,568. The Company incurred transaction costs of $22 in issuing these shares.

On July 11, 2019, the Company declared dividends to the common shareholders for $2.056 per common share issued and outstanding for a total amount of $42,110 and a return of capital to Series 1 and 2 preferred shareholders for a total amount of $7,892.

During the year ended June 30, 2020, 12 thousand stock options were exercised for cash proceeds of $19 and 35 thousand stock options were cashless exercised resulting in 28 thousand common shares being issued.

18. Stock options

On May 28, 2018, the Company's Board of Directors approved the adoption of a stock option plan for directors, officers, employees and consultants of the Company. Under the terms of the stock option plan, the Company may issue stock options up to 5% of the currently outstanding common shares of the Company.

The stock options have a term of five years, and vest over four years with accelerated vesting upon a sale of the Company or an initial public offering of the Company's common shares, settled in cash. The Company's Stock Option Plan [the "Legacy Stock Option Plan"] is a part of a legacy compensation program pursuant to which certain employees, directors and consultants of the Company or its subsidiaries were granted options to purchase shares in the capital of the Company. No additional awards will be made under the Legacy Stock Option Plan, but options previously granted under the plan will remain outstanding in accordance with their terms and will continue to be governed by the provisions of the plan. The IPO triggered an accelerated vesting on 740 thousand options.

The fair value of the options granted was calculated using the Black-Scholes Option Pricing Model on the date of grant. The key assumptions used in the valuation of these grants were as follows:

	FY20	FY19
Exercise price	$7.00	$2.75 – $3.60[1]
Expected dividend yield	nil	nil
Risk free interest rate	1.4 – 1.7%	1.5 – 2.3%
Expected option life	5 years	2.4 – 3.8 years
Expected volatility	28.5 – 28.6%	36.8 – 43.6%

[1]The exercise price reflects the adjustments made after a return of capital and dividend of $2.056 per Dye & Durham Common Share, Series 1 Preferred Share and Series 2 Preferred Share, made on July 11, 2019 and subsequent resolution of the board of directors to decrease the exercise price of then outstanding options by $2.06 per Dye & Durham Option. Management concluded this change had no significant impact on the financial statements as the fair value of the options immediately prior to being-repriced was equivalent to the fair value immediately after the repricing.

The Company recognizes the fair value of the stock option grants, with a fair value per option of approximately $1.95, over the vesting period of the stock options. As such, the Company has recognized a compensation expense of $329 for the year ended June 30, 2020 [2019 – $223].

A summary of the status of the Company's stock option plan as at June 30, 2020 and 2019, and changes during the years ended on those dates, is presented as follows:

	June 30, 2020		June 30, 2019	
	Number of options #000s	**Weighted average exercise price** $	**Number of options** # 000s	**Weighted average exercise price** $
Options outstanding as at July 1	1,061	3.14	—	—
Options granted	187	7.00	1,218	3.18
Options forfeited	(160)	5.04	(157)	3.44
Options expired	(10)	2.99	—	—
Options exercised (cash)	(12)	2.75	—	—
Options exercised (cashless)	(35)	2.75		
Options outstanding	**1,031**	**3.61**	1,061	3.14
Options exercisable	**221**	**3.16**	—	—

The issued and outstanding stock options as at June 30, 2020 are as follows:

	Options outstanding		Options exercisable	
Exercise price	**Number outstanding as at June 30, 2020**	**Weighted average remaining contractual life in years**	**Weighted average exercise price in**	**Number exercisable as at June 30, 2020**
$	**#000s**	**yrs**	**$**	**#000s**
2.75	484	3.25	2.75	113
3.60	422	3.77	3.60	108
7.00	125	4.80	7.00	—
3.61	1,031	3.65	3.16	221

19. Fair value measurement

The Company has determined that the fair values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and customer advances approximate their carrying values due to the immediate or short-term maturity of these financial instruments. The Company measures the derivative financial liability at fair value.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted [unadjusted] market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The following table presents fair value hierarchies used by the Company to measure its financial instruments recorded at fair value. There were no transfers between Level 1, Level 2 and 3 during 2020 and 2019.

	Level 1		Level 2		Level 3	
As at June 30,	**2020**	2019	**2020**	2019	**2020**	2019
Assets						
Cash and cash equivalents	**2,569**	3,506	**—**	—	—	—
Accounts receivable	**11,849**	11,306	**—**	—	—	—
Liabilities						
Derivative liability	—	—	**—**	—	**5,466**	2,089
Holdbacks on acquisitions	—	—	**—**	—	**8,026**	5,875
Loans and borrowings	**187,511**	135,398	**—**	—	—	—
Customer advances	**3,550**	3,689	**—**	—	—	—
Trades payables	**14,453**	6,416	**—**	—	—	—

20. Financial instruments and risk management

Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to pursue the development of its projects and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity as well as its borrowings.

To maintain or adjust its capital structure, the Company will issue new shares, increase its borrowings and acquire, develop or dispose of assets. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable and also the requirements of the financial covenants. The Company has complied with the covenants and other capital requirements during the year ended June 30, 2020 and 2019. Please see Note 29 for details around the IPO subsequent to year-end.

The Company is also exposed to a variety of financial risks by virtue of its activities including credit risk, interest rate risk, liquidity risk and foreign exchange risk.

Credit risk

Credit risk is risk of financial loss to the Company if any counter-party to a financial asset fails to meet its contractual obligations. The Company's cash and cash equivalents and receivables are exposed to credit risk. The Company has assessed the credit risk on its cash and cash equivalents as low as its funds are held in highly rated Canadian and United Kingdom financial institutions. As at June 30, 2020, 65% [2019 – 78%] of the Company's trade receivables are current, 13% [2019 – 16%] are between 31 to 90 days past due and 22% [2019 – 6%] are over 90 days past due. As at June 30, 2020, the Company has $11,849 [2019 – $11,306] of receivables outstanding. The allowance for doubtful accounts is $378 [2019 – $97].

An analysis is performed at each reporting date by reviewing the aging of receivables and the Company updates its provision based on the result of the evaluation of each customers' recoverability considering the collection history and current economic environment. Trade receivables are written-off once determined after the qualitative

assessment. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customer balances are not individually significant, and as at June 30, 2020 and 2019, the Company had nil customers that owed more than 5% of all the trade receivables outstanding. In addition, the Company historically has not experienced any significant losses related to individual customers or groups of customers in any particular industry or geographic area.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk for the new credit facility for which the interest rate is adjusted with future fluctuations in prime rate or LIBOR. To manage this, the Company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. Based on the amount owing at June 30, 2020, and if all other variables remain constant, a 1% change in the prime or LIBOR would result in an increase (decrease) of $375 in the interest expense on the loans not covered by the interest rate swap.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities.

As per normal operating activities, the Company intends to rely on positive cash flows from operations and obtaining additional financing to achieve its future objectives. However, there can be no assurance that actual cash flows from operations will be as forecasted or that such equity and/or debt financings will be available on a timely basis under terms acceptable to the Company.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	June 30, 2020					
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5 and over**	**Total**
	$	$	$	$	$	$
Accounts payable and accrued liabilities	14,453	—	—	—	—	**14,453**
Holdbacks on acquisitions	4,818	1,764	1,494	—	—	**8,076**
Customer advances	3,549	—	—	—	—	**3,549**
Lease liabilities	2,219	1,869	1,685	1,365	2,776	**9,914**
Loans and borrowings	6,650	4,750	4,750	4,750	172,400	**193,300**
Derivative financial liability	—	—	—	—	5,466	**5,466**
	31,689	**8,383**	**7,929**	**6,115**	**180,642**	**234,758**

The derivative liability disclosed in the above table represents the net undiscounted cash flows.

Foreign exchange risk

Foreign exchange risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities [when revenue or expense is denominated in a foreign currency] and the Company's net investments in foreign subsidiaries. If deemed necessary, the Company may from time to time enter into foreign currency derivative contracts to reduce its exposure to foreign currency risk. No foreign currency derivative contract has been entered in 2020 and 2019.

At June 30, 2020, the Company had net liabilities denominated in British pounds of $4,352 [£2,586] [2019 – net liabilities of $8,583 or £5,163]. A 10% variation in the British pounds, and if all other variables remain constant, would have a pre-tax impact of $188 during 2020 [2019 – $896] and pre-tax impact in equity of $88 [2019 – $21].

21. Related party transactions

Compensation of key management personnel

The Company defines key management personnel as being the Board of Directors, the Chief Executive Officer ("CEO") and the executive leadership team consisting of five members (2019 – four members). The remuneration of key management personnel during the year were as follows:

	2020	2019
	$	$
Salaries and benefits	**1,327**	1,753
Stock options	**232**	208
	1,559	1,961

As at June 30, 2020, $92 [2019 – $520] was included in accounts payable and accrued liabilities for consulting fees, bonus, directors fees and reimbursement of expenses. The amounts due are unsecured, bear no interest and are payable on demand.

As of March 16, 2020, in response to the unknown impacts of the COVID-19 pandemic, the Company's Chief Executive Officer agreed to forego all salary until September 30, 2020; the Company's executive team took a 20% salary reduction until September 30, 2020, and all executives agreed to forfeit any bonuses for the year.

22. Segment information

The Company's CEO has been identified as the chief operating decision maker ["CODM"]. The CODM, reviews financial information, makes decisions and assesses the performance of the Company as a single operating segment.

The Company has two geographic segments being Canada and the United Kingdom. For the years ended June 30, 2020 and 2019, segment information attributed to geographic areas based on the primary business location of the customer, is as follows:

	Canada	U.K.	Total
	$	$	$
June 30, 2020			
Property and equipment	**1,800**	**178**	**1,978**
Intangible assets	**74,688**	**12,833**	**87,521**
Revenue from contracts with customers	**62,574**	**2,936**	**65,510**
June 30, 2019			
Property and equipment	1,614	14	1,628
Intangible assets	82,979	7,801	90,780
Revenue from contracts with customers	40,889	2,956	43,845

During the year ended June 30, 2020, revenue from transaction fees represent 90% [2019 – 96%] of the total revenue and the remaining 10% [2019 – 4%] are from revenue from providing certain subscription and software services.

23. Income taxes

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of operations and comprehensive income for the years ended June 30, 2020:

	2020	2019
	$	$
Loss before income taxes	**(14,103)**	926
Statutory income tax rates	**26.6%**	26.7%
Expected income tax (recovery)	**(3,745)**	247
Non-deductible items	**1,125**	120
Change in estimates and others	**(309)**	(38)
Change in statutory rates	**184**	(106)
Change in deferred tax assets not recognized	**(121)**	(7)
Total income tax expense	**(2,866)**	216
Current tax expense (recovery)	**74**	(985)
Deferred tax expense (recovery)	**(2,940)**	1,201
Total tax expense	**(2,866)**	216

During the year ended June 30, 2020, the Company paid instalment taxes for a total amount of $124 [2019 – $116] which is included in the prepaid expenses and other assets balance. Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Deferred tax assets (liabilities) at June 30, 2020 comprised of the following:

	2020	2019
	$	$
Non-capital loss carryforwards	**597**	135
Finance costs	**701**	63
Derivative liability	**1,446**	557
Right-of-use assets	**133**	26
Bad debt	**9**	—
SRED	**145**	—
Capital assets	**(43)**	—
Investment tax credit	**843**	—
Intangible assets	**(12,613)**	(11,715)
Total deferred tax (liabilities)	**(8,782)**	(10,934)
Deferred tax asset not recognized	**—**	121
Net deferred tax (liabilities)	**(8,782)**	(11,055)

The Company has non-capital loss carryforwards of approximately $914 [2019 – $43], which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, which expire between the years 2029 and 2040.

Also, as at June 30, 2020, the Company has non-capital loss carryforwards of approximately $1,821 [£1,082] [2019 – $675 [£388]], which may be carried forward to apply against future year income tax for UK income tax purposes, subject to the final determination by taxation authorities. The Company has established a full valuation allowance against these losses. The non-capital losses can be carried forward indefinitely.

24. Acquisition, restructuring and other expenses

	2020	2019
	$	$
Acquisition related expenses	**3,138**	1,386
Public offering and capital reorganization	**4,181**	2,694
Restructuring	**1,401**	2,027
	8,720	6,107

Acquisitions related expenses consist mainly of professional fees associated with business combinations such as advisory, legal, accounting, valuation and other professional or consulting fees. These costs are accounted for in the period in which the costs are incurred and the services are received.

Public offering and capital reorganization related expenses consist mainly of professional fees associated with the filing the preliminary prospectus in June 2020 and capital structure reorganization costs such as professional fees and penalties.

Restructuring expenses mainly represent employee exit costs as a result of synergies created due to business combinations, and organizational changes.

25. Contingencies

Guarantees and Indemnifications

We have entered into customer agreements which may include provisions to indemnify our customers against third party claims that our software products or services infringe certain third party intellectual property rights and for liabilities related to a breach of our confidentiality obligations. We have not made any material payments in relation to such indemnification provisions and have not accrued any liabilities related to these indemnification provisions in our consolidated financial statements. Occasionally, we enter into financial guarantees with third parties in the ordinary course of our business. Such agreements have not had a material effect on our results of operations, financial position or cash flows.

Litigation

We are currently involved in various claims and legal proceedings primarily in nature of patent infringement claims or employment matters. Quarterly, we review the status of each significant legal matter and evaluate such matters to determine how they should be treated for accounting and disclosure. Specifically, this evaluation process includes the centralized tracking and itemization of the status of all our disputes and litigation items, discussing the nature of any litigation and claim, including any dispute or claim that is reasonably likely to result in litigation, with relevant internal and external counsel, and assessing the progress of each matter in light of its merits and our experience with similar proceedings under similar circumstances. If the potential loss from any claim or legal proceeding is considered probable and the amount can be reasonably estimated, we accrue a liability for the estimated loss. As of June 30, 2020, the aggregate of such accrued liabilities was not material to our consolidated financial position or results of operations and we do not believe as of the date of these consolidated financial statements that it is reasonably possible that a loss exceeding the amounts already recognized will be incurred that would be material to our consolidated financial position or results of operations.

26. Supplemental disclosure with respect to cash flows

Changes in non-cash working capital balances	**2020**	**2019**
	$	$
Decrease (increase) in receivables	**1,519**	(2,809)
Decrease (increase) in prepaid expenses and other assets	**320**	(746)
Increase in accounts payable and accrued liabilities	**4,018**	10
Increase (decrease) in corporate taxes payable	**1,138**	(1,129)
Increase (decrease) in customer advances	**(140)**	382
	6,855	(4,292)

27. Operating expense disclosure

[a] Sales and marketing expenses

The Company's sales and marketing expenses according to their nature for the years ended June 30 are as follows:

	2020	**2019**
	$	$
Salaries and wages	**1,514**	1,362
Advertising, marketing, and other	**753**	660
	2,267	2,022

[b] Technology and operations expenses

The Company's technology and operations expenses according to their nature for the years ended June 30 are as follows:

	2020	**2019**
	$	$
Salaries and wages	**14,105**	8,179
Internet and software costs	**1,509**	792
	15,614	8,971

[c] General and administrative expenses

The Company's general and administrative expenses according to their nature for the years ended June 30 are as follows:

	2020	**2019**
	$	$
Salaries and wages	**2,376**	1,955
Professional fees	**1,155**	453
General and office expenses	**2,749**	1,715
	6,280	4,123

Notes to consolidated financial statements

[Expressed in thousands of Canadian dollars, except as indicated]

June 30, 2020 and 2019

28. Finance costs

The Company's finance costs for the years ended June 30 are as follows:

	2020	2019
	$	$
Interest expense	**20,676**	7,332
Foreign exchange loss (gain) on loans and borrowing	**206**	(551)
	20,882	6,781

29. Subsequent events

On July 17, 2020, DND acquired a 100% ownership interest in Dye & Durham Corporation as part of the Reorganization before DND's IPO. Pursuant to the Reorganization, DND acquired all of the outstanding Common Shares, Series 1 and Series 2 Preferred Shares in consideration for the issuance of an aggregate of 24 million common shares in the capital of DND to the holders thereto.

The IPO was comprised of a distribution, including the over-allotment, of 20 million common shares from treasury in addition to the sale of 3 million common shares by certain shareholders at $7.50 per share. The IPO resulted in $150 million in gross proceeds to the Company.

On August 4, 2020, Dye & Durham (UK) Limited completed an acquisition of 100% of the outstanding shares of a company for total consideration of $7,465 [£4,280], with an upfront payment of $3,750 [£2,151]. The deferred consideration of $3,715 [£2,130] is to be paid on the first anniversary of the completion date.