

# **Dye & Durham Limited**

**Consolidated financial statements**

**[Expressed in thousands of Canadian dollars]**

**For the years ended June 30, 2022 and 2021**

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **Dye & Durham Limited**

## Opinion

We have audited the consolidated financial statements of **Dye & Durham Limited** and its subsidiaries [the "Group"], which comprise the consolidated statements of financial position as at June 30, 2022 and 2021, and the consolidated statements of operations, consolidated statements of comprehensive income, consolidated statements of changes in equity 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 Group as at June 30, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards [IFRSs].

## 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 Group 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.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



Key audit matter	How our audit addressed the key audit matter
<i>Valuation of intangible assets acquired in business combinations</i>	
<p>The Group completed a number of acquisitions during the year ended June 30, 2022 as disclosed in note 6. The total purchase price for these business combinations was \$918 million, including holdbacks and contingent consideration of \$7 million. The purchase price allocations include goodwill of \$501 million and intangible assets, such as software technologies and licenses, brands and trademarks and customer lists of \$518 million as at the respective acquisition dates.</p> <p>The determination of the fair value of intangible assets acquired required management to make significant judgements, estimates and key assumptions over the projected financial information including forecasted revenue growth rates, margin percentages, attrition rates, royalty rates, and discount rates, as well as to engage a third-party specialist.</p> <p>Auditing the business combinations was complex due to the subjective nature of estimating the fair value of the intangible assets acquired.</p>	<p>To test the Group's estimate of fair value of the intangible assets acquired intangible, we performed the following procedures:</p> <ul style="list-style-type: none"><li>• Read the purchase agreement to obtain an understanding of the key terms and conditions to identify the necessary accounting considerations and the identification of assets and liabilities acquired;</li><li>• Assessed the competence and objectivity of management's third-party specialist;</li><li>• Involved our valuation specialists to assess the valuation methodology applied in estimating the fair value of the intangible assets acquired, and the key assumptions utilized, including the discount rates and royalty rates, by referencing current industry and comparable company information as well as cash flow and company specific risk; and</li><li>• Assessed the forecasted revenue growth rates, margin percentages, and attrition rates used in the estimation of fair value of the intangible assets acquired by comparing to historical performance, similar acquisitions made by the Group, market data, and industry trends.</li></ul>

### Other information

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

- Management's Discussion and Analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report

Our opinion on the consolidated financial statements does not cover the other information and we do 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 this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If based on the work we will perform on this other information, we conclude there is a material misstatement of other information, we are required to report that fact to those charged with governance.

### **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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 Group'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 Group'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 Group 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 Group 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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Stephanie Lamont.

Toronto, Canada  
September 26, 2022

*Ernst + Young LLP*

Chartered Professional Accountants  
Licensed Public Accountants



## Dye & Durham Limited

### Consolidated statements of financial position

[Expressed in thousands of Canadian dollars]

As at June 30

	2022	2021
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	223,619	429,335
Trade and other receivables <i>[note 24]</i>	70,365	47,077
Prepaid expenses and other assets	12,080	8,094
	<b>306,064</b>	484,506
<b>Non-current</b>		
Other assets	4,565	2,601
Property and equipment, net <i>[note 7]</i>	3,005	3,290
Right-of-use assets, net <i>[note 8[a]]</i>	9,668	9,360
Intangible assets, net <i>[note 9]</i>	956,939	564,306
Goodwill <i>[note 10]</i>	970,201	494,303
<b>Total assets</b>	<b>2,250,442</b>	<b>1,558,366</b>
<b>Liabilities and shareholders' equity</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	117,970	59,931
Customer advances	14,151	10,249
Holdbacks and contingent consideration on acquisitions <i>[note 6]</i>	6,166	15,883
Lease liabilities <i>[note 8[b]]</i>	3,363	3,150
Loans and borrowings <i>[note 11]</i>	19,564	17,407
	<b>161,214</b>	106,620
<b>Non-current</b>		
Holdbacks and contingent consideration on acquisitions <i>[note 6]</i>	2,770	5,326
Lease liabilities <i>[note 8[b]]</i>	7,118	7,229
Loans and borrowings <i>[note 11]</i>	861,244	222,140
Derivative liability <i>[note 12]</i>	—	4,180
Other liabilities	3,018	1,002
Deferred tax liabilities <i>[note 20]</i>	175,649	110,939
Convertible debentures <i>[note 13]</i>	276,000	350,013
<b>Total liabilities</b>	<b>1,487,013</b>	807,449
Commitments and contingencies <i>[note 21]</i>		
<b>Equity</b>		
Capital stock <i>[note 14]</i>	866,296	845,742
Contributed surplus	46,684	26,213
Accumulated other comprehensive income	(32,683)	(729)
Deficit	(116,873)	(120,309)
Non-controlling interests	5	—
	<b>763,429</b>	750,917
<b>Total liabilities and equity</b>	<b>2,250,442</b>	<b>1,558,366</b>

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

On behalf of the Board:

"Signed"  
Director - Brian Derksen

"Signed"  
Director - Edward Prittie

## Dye & Durham Limited

### Consolidated statements of operations

[Expressed in thousands of Canadian dollars and thousands of shares, except per share amounts]

Year ended June 30

	2022	2021
	\$	\$
<b>Revenue</b> [note 25]	<b>474,808</b>	208,945
<b>Expenses</b>		
Direct costs	(57,558)	(27,921)
Technology and operations	(84,292)	(41,311)
General and administrative	(43,683)	(16,953)
Sales and marketing	(22,345)	(6,488)
Stock-based compensation [note 14]	(23,962)	(26,008)
<b>Income before the following</b>	<b>242,968</b>	90,264
Finance costs, net [note 16]	(42,377)	(57,299)
Amortization and depreciation [notes 7, 8 and 9]	(132,932)	(49,411)
Acquisition, restructuring and other costs [note 18]	(49,572)	(25,657)
<b>Income before taxes</b>	<b>18,087</b>	(42,103)
Income tax (expense) recovery [note 20]	(10,246)	1,254
<b>Net income</b>	<b>7,841</b>	(40,849)
<b>Attributable to</b>		
Non-controlling interests	176	—
Shareholders	7,665	(40,849)
	<b>7,841</b>	<b>(40,849)</b>
<b>Net earnings per common share</b> [note 15]		
Basic	0.11	(0.72)
Diluted	(0.32)	(0.72)
<b>Weighted average number of shares outstanding</b> [note 15]		
Basic	68,911	56,423
Diluted	75,537	56,423

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

## Dye & Durham Limited

### Consolidated statements of comprehensive income

[Expressed in thousands of Canadian dollars]

Year ended June 30

	2022	2021
	\$	\$
<b>Net income</b>	<b>7,841</b>	<b>(40,849)</b>
<b>Other comprehensive income</b>		
Items that may be reclassified to profit or loss in subsequent periods		
Exchange differences on translation of foreign operations	(43,882)	(3,898)
Realized gain (loss) on derivatives designated as cash flow hedge, net of income taxes of -\$304 and \$1,658 [note 12]	(1,557)	4,607
Net change in fair value of derivatives designated as cash flow hedge, net of income taxes of \$12 and \$71 [note 12]	746	232
	<b>(44,693)</b>	<b>941</b>
Items that will not be reclassified to profit or loss in		
Change in fair value of financial assets, net of income taxes of \$241	—	666
Net change in fair value of convertible debentures attributable to change in own credit risk, net of income taxes of \$4,590 and \$454 [note 13]	12,739	1,261
	<b>12,739</b>	<b>1,927</b>
<b>Other comprehensive income</b>	<b>(31,954)</b>	<b>2,868</b>
<b>Comprehensive income</b>	<b>(24,113)</b>	<b>(37,981)</b>
<b>Attributable to</b>		
Non-controlling interests	176	—
Shareholders	(24,289)	(37,981)
	<b>(24,113)</b>	<b>(37,981)</b>

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



## Dye & Durham Limited

### Consolidated statements of changes in equity

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

	Durham Limited			Dye & Durham Corporation		Accumulated other comprehensive income		Non-controlling interests	Total
	Number of common shares	Number of common shares	Number of preferred shares	Capital stock	Contributed surplus		Deficit		
	#	#	#	\$	\$	\$	\$	\$	\$
<b>Balance, June 30, 2020</b>									
As previously reported	—	20,493	3,837	9,069	1,310	(3,597)	(75,652)	—	(68,870)
Accounting policy change	—	—	—	—	—	—	(180)	—	(180)
As adjusted	—	20,493	3,837	9,069	1,310	(3,597)	(75,832)	—	(69,050)
Pre-IPO reorganization [notes 1 and 14]	24,330	(20,493)	(3,837)	—	—	—	—	—	—
Issuance of common shares, net of issuance costs [note 14]	43,684	—	—	830,650	—	—	—	—	830,650
Stock options exercised [note 14]	497	—	—	6,023	(1,105)	—	—	—	4,918
Stock-based compensation [note 14]	—	—	—	—	26,008	—	—	—	26,008
Dividend paid	—	—	—	—	—	—	(3,628)	—	(3,628)
Comprehensive income for the period	—	—	—	—	—	2,868	(40,849)	—	(37,981)
<b>Balance, June 30, 2021</b>	<b>68,511</b>	<b>—</b>	<b>—</b>	<b>845,742</b>	<b>26,213</b>	<b>(729)</b>	<b>(120,309)</b>	<b>—</b>	<b>750,917</b>
<b>Balance, June 30, 2021</b>	<b>68,511</b>	<b>—</b>	<b>—</b>	<b>845,742</b>	<b>26,213</b>	<b>(729)</b>	<b>(120,309)</b>	<b>—</b>	<b>750,917</b>
Issuance of common shares, net of issuance costs [note 14]	127	—	—	4,958	—	—	—	—	4,958
Dividends paid [note 14]	—	—	—	—	—	—	(5,168)	—	(5,168)
Stock options exercised [note 14]	405	—	—	10,568	(2,374)	—	—	—	8,194
Stock-based compensation [note 14]	—	—	—	—	23,467	—	—	—	23,467
Stock options reclassified as liability [note 14]	—	—	—	—	(622)	—	—	—	(622)
Acquisition consideration [notes 6 and 14]	106	—	—	5,028	—	—	—	2,952	7,980
Transaction with non-controlling interest	—	—	—	—	—	—	939	(3,123)	(2,184)
Comprehensive income for the period	—	—	—	—	—	(31,954)	7,665	176	(24,113)
<b>Balance, June 30, 2022</b>	<b>69,149</b>	<b>—</b>	<b>—</b>	<b>866,296</b>	<b>46,684</b>	<b>(32,683)</b>	<b>(116,873)</b>	<b>5</b>	<b>763,429</b>

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

## Dye & Durham Limited

### Consolidated statements of cash flows

[Expressed in thousands of Canadian dollars]

Year ended June 30

	2022	2021
	\$	\$
<b>Cash flows from operating activities</b>		
Net income for the period	7,841	(40,849)
Items not affecting cash		
Amortization and depreciation [notes 7, 8 and 9]	132,932	49,411
Stock-based compensation expense [note 14]	23,962	26,008
Income tax expense (recovery) [note 20]	10,246	(1,254)
Finance costs [note 16]	42,377	57,299
Taxes paid	(19,003)	(3,431)
Changes in non-cash working capital balances		
Trade and other receivables	(3,785)	(8,338)
Prepaid expenses and other assets	(3,751)	(6,449)
Accounts payable and accrued liabilities	(5,840)	2,845
Customer advances	458	4,112
<b>Net cash provided by operating activities</b>	<b>185,437</b>	<b>79,354</b>
<b>Cash flows from financing activities</b>		
Net proceeds from loans and borrowings [note 11]	1,467,606	534,907
Proceeds from exercise of stock options [note 14]	8,194	4,918
Net proceeds from issuance of shares [note 14]	4,943	786,701
Net proceeds from issuance of convertible debentures [note 13]	—	333,873
Payments for loans and borrowings [note 11]	(856,957)	(494,999)
Settlement of derivative liability [note 12]	(3,076)	—
Interest paid	(74,519)	(19,855)
Dividend paid [note 14]	(5,168)	(3,628)
Payments for lease obligations	(5,726)	(3,111)
<b>Net cash provided by financing activities</b>	<b>535,297</b>	<b>1,138,806</b>
<b>Cash flows from investing activities</b>		
Acquisition consideration paid, net of cash acquired [note 6]	(883,104)	(766,767)
Holdbacks and contingent consideration paid [note 6]	(15,168)	(15,703)
Additions to intangible assets [note 9]	(22,637)	(7,938)
Purchase of non-controlling interest	(2,184)	—
Purchases of property and equipment [note 7]	(1,172)	(1,588)
Net proceeds from sale of financial assets	—	908
Lease payments received	683	416
<b>Net cash used in investing activities</b>	<b>(923,582)</b>	<b>(790,672)</b>
Change in cash and cash equivalents	(202,848)	427,488
Cash and cash equivalents, beginning of year	429,335	2,569
Effect of foreign exchange on cash and cash equivalents	(2,868)	(722)
<b>Cash and cash equivalents, end of year</b>	<b>223,619</b>	<b>429,335</b>

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

## Dye & Durham Limited

### Notes to consolidated financial statements

[Expressed in thousands of Canadian dollars and thousands of shares, except per share amounts]

As at and for the years ended June 30, 2022 and 2021

#### 1. Description of the business

Dye & Durham Limited [the “Company”] is a provider of cloud-based software and technology solutions designed to boost efficiency and increase productivity for legal and business professionals in Canada, Australia, Ireland and the United Kingdom [“U.K.”]. The Company provides critical information services and workflow, which clients require to manage their process, information and regulatory requirements. The Company was incorporated by articles of incorporation under the *Business Corporations Act* (Ontario) on June 26, 2020. The Company’s registered and head office is located at 199 Bay Street, Suite 4610, Toronto, Ontario, Canada.

On July 17, 2020, the Company completed an initial public offering [the “IPO”] and its shares began trading on the Toronto Stock Exchange under the symbol “DND”.

Immediately prior to closing of the IPO, the Company entered into a share purchase agreement with the previous shareholders of Dye & Durham Corporation [“D&D Corp”] pursuant to which the Company acquired all of the issued and outstanding shares of D&D Corp in consideration for the issuance of 24,330 common shares of the Company. In addition, all existing stock options of D&D Corp were exchanged for stock options of the Company with the same terms and conditions. As the Company was a newly formed entity and the existing shareholders maintained common control over the Company and D&D Corp immediately prior to the closing of the IPO, this transaction was accounted for as a reorganization using the continuity of interest method.

#### 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”]. Certain comparative figures have been reclassified to conform to the financial presentation adopted for the current period.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on September 26, 2022.

#### 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.

## Dye & Durham Limited

### Notes to consolidated financial statements

[Expressed in thousands of Canadian dollars and thousands of shares, except per share amounts]

As at and for the years ended June 30, 2022 and 2021

Subsidiaries are 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, 2022 and June 30, 2021:

<b>Subsidiary</b>	<b>Country of incorporation</b>	<b>Ownership percentage June 30, 2022</b>	<b>Ownership percentage June 30, 2021</b>
Dye & Durham Corporation	Canada	100%	100%
Dye & Durham (UK) Limited	United Kingdom	100%	100%
R-Squared Bidco Limited	United Kingdom	100%	100%
Do Process LP	Canada	100%	100%
Dye & Durham Australia Pty Limited	Australia	100%	100%
GlobalX Information Pty Ltd.	Australia	100%	—
TM Group (UK) Limited	United Kingdom	100%	—
Dye & Durham Mercury Ltd.	Canada	100%	—

### 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.

#### Business combinations

The Company accounts for acquisitions of entities or assets that meet the definition of a business as 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, 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.

Assets or sets of activities acquired that do not constitute a business are accounted for as asset acquisitions and are measured on initial recognition at cost, including acquisition costs.

## Dye & Durham Limited

### Notes to consolidated financial statements

[Expressed in thousands of Canadian dollars and thousands of shares, except per share amounts]

As at and for the years ended June 30, 2022 and 2021

Goodwill represents the excess of consideration over the fair value of the net identifiable assets acquired in a business combination. 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 it is impaired.

#### Foreign exchange

Transactions denominated in foreign currencies are translated into functional currencies using the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate at the date of the consolidated statements of financial position. 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 statements of operations and comprehensive income.

When the foreign operations' functional currency is different from presentation currency, the assets and liabilities from foreign operations are translated at exchange rate at the date of the consolidated statements of financial position and related revenues and expenses at the average exchange rate for the period. 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	Straight line over 3 years
Furniture and equipment	Straight line over 5 years
Leasehold improvements	Straight-line over lesser of useful life or the term 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 consolidated statements 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.

## Dye & Durham Limited

### Notes to consolidated financial statements

[Expressed in thousands of Canadian dollars and thousands of shares, except per share amounts]

As at and for the years ended June 30, 2022 and 2021

#### Intangible assets

The Company's intangible assets relate to developed software technology or acquired identifiable intangible assets, such as software technology, 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	Up to 12 years
Brands and trademarks	Up to 8 years
Licenses	Up to 8 years
Customer lists	Up to 12 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 with indefinite useful lives and not available for use are not amortized. These assets have 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 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 operations and 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

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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 April 1 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. 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 statements 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.

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*

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, FVTOCI or FVTPL. The classification of financial assets is 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:

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- 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 consolidated statements of operations and comprehensive income when the asset is derecognized, modified or impaired.

The Company measures its financial assets such as cash and cash equivalents, and receivables at amortized cost. During the year ended June 30, 2021, the Company elected to measure a financial asset at FVTOCI and disposed of the asset during the year.

#### *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 ["ECLs"]. 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 ECL 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.

#### *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, *Financial Instruments* ["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



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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. Financial liabilities of the Company subsequently measured at amortized cost are accounts payable and accrued liabilities, and loans and borrowings. 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 statements of operations and comprehensive income.

Financial liabilities are classified as current liabilities if they are payable within 12 months of the reporting date unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

#### Convertible debentures

The Company determined that the convertible debentures did not meet the IFRS definition of equity due to the Company's ability to settle the convertible debentures in cash if the holders elect to exercise the conversion option. Changes in the fair value of convertible debentures is recognized through income in the period in which they occur except in cases where they result from changes in the Company's own credit risk, in which case the fair value changes are recorded in other 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. In addition:

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- 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.

#### 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.

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#### **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. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. 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 grants equity-settled stock options, cash settled share appreciation rights and deferred stock units to certain employees and officers of the Company. Stock options and share appreciation rights 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 or the Monte Carlo model as appropriate. Fair value of deferred stock units is measured at the date of grant using the Black-Scholes option pricing model. The number of stock options and share appreciation rights 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. Stock-based 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 for stock options and a corresponding credit to accounts payable and accrued liabilities and other non-current liabilities for share appreciation rights and deferred stock units. The consideration received on the exercise of stock options is credited to capital stock at the time of exercise.

#### **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.

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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 judgement 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 our 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 stand-alone selling price for the support services. Stand-alone 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 cloud-based platforms, 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.

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#### *Software subscription and license revenue*

The majority of software subscription and license 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 license 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. Term licenses are generally 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 taxes. Income tax is recognized in the consolidated statements of operations and comprehensive income except to the extent that it is recognized directly in 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 consolidated statements 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.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred tax balances relate to the same taxation authority.

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#### **Earnings per share**

Basic earnings 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 earnings 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 income.

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

##### **COVID-19**

Concerns related to the spread of COVID-19 and the related containment measures intended to mitigate its impact have created substantial disruption in the global economy. The uncertainties around the COVID-19 pandemic, continuing resurgences of COVID-19, and related restrictions to contain its spread required the use of judgments and estimates, which resulted in no material accounting impacts for the year ended June 30, 2022. While the impact of COVID-19 on the Company has been minimal to date, there is uncertainty around its duration and future business conditions. If the outbreak were to cause disruption to the Company's supply chain or its service capabilities in the future, it would have a negative impact on revenue, which could be material. In addition, any material negative impact on revenue would impact profitability, as well as liquidity and capital resources.

##### **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 judgement and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. 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. The estimate of fair value of customer

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relationships includes the estimated revenue growth and attrition of acquired customer relationships. In determining the fair value of customer relationships, the Company estimates revenue growth including price adjustments based on a market participant model.

#### **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 compares 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. 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 10.

#### **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 a 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 14.

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#### 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

##### New accounting pronouncements or policies adopted

The Company adopted the following new standards and amendments to standards, effective July 1, 2021. These changes did not have a material impact on the Company's consolidated financial statements for the year ended June 30, 2022:

- *Interest Rate Benchmark Reform – Phase 2* [Amendments to IFRS 9 – Financial Instruments, IAS 39 – Financial Instruments: Recognition and Measurement, IFRS 7 – Financial Instruments: Disclosures, IFRS 4 – Insurance Contracts, IFRS 16 – Leases]

##### Standards, amendments and interpretations issued as at June 30, 2022 but not yet effective

The following new and amended standards and interpretations will become effective in a future year. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective and are not expected to have a significant impact on these financial statements:

- *Onerous Contracts – Cost of Fulfilling a Contract* [Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets]
- *Reference to Conceptual Framework* – [Amendments to IFRS 3 – Business Combinations]

The Company is in the process of assessing any potential impacts of the following:

- *Classification of Liabilities as Current or Non-current* [Amendments to IAS 1 – Presentation of Financial Statements]

#### 6. 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.



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For certain acquisitions made, management assessed the information obtained and assumptions to be used in estimating the fair value of the intangible assets and deferred taxes. For the acquisitions completed during the years ended June 30, 2022 and 2021, the allocation of the fair value to the identifiable assets acquired and liabilities assumed as at the date of acquisition were as follows:

	2022				Total \$
	GlobalX [a] \$	TM Group [b] \$	TFSB [c] \$	Other [d] \$	
Consideration paid	159,893	155,404	500,000	95,491	910,788
Holdbacks/contingent consideration	3,743	—	1,392	2,039	7,174
<b>Total purchase price</b>	<b>163,636</b>	<b>155,404</b>	<b>501,392</b>	<b>97,530</b>	<b>917,962</b>
Current assets	14,784	15,584	15,205	1,976	47,549
Equipment	353	595	153	11	1,112
Software technologies and licenses	14,993	21,234	29,600	82,926	148,753
Brands and trademarks	—	7,192	7,400	216	14,808
Customer lists	30,367	61,475	258,200	4,082	354,124
Right-of-use asset	2,915	1,143	—	—	4,058
Non-current assets	519	—	—	153	672
Non-controlling interests	—	(2,952)	—	—	(2,952)
Liabilities assumed	(11,704)	(19,574)	(9,214)	(2,061)	(42,553)
Deferred tax liability	(8,143)	(21,486)	(77,627)	(1,168)	(108,424)
	44,084	63,211	223,717	86,135	417,147
<b>Goodwill</b>	<b>119,552</b>	<b>92,193</b>	<b>277,675</b>	<b>11,395</b>	<b>500,815</b>

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	2021				Total [e] \$
	SAI \$	Do-Process \$	R-Squared Bidco Limited \$	Other \$	
Consideration paid	88,985	537,867	54,878	139,889	821,619
Holdbacks/contingent consideration	—	3,812	4,283	14,525	22,620
<b>Total purchase price</b>	<b>88,985</b>	<b>541,679</b>	<b>59,161</b>	<b>154,414</b>	<b>844,239</b>
Current assets	15,995	10,884	13,138	9,112	49,129
Equipment	119	235	723	79	1,156
Software technologies and licenses	10,202	29,062	9,816	23,488	72,568
Brands and trademarks	—	19,800	3,216	7,171	30,187
Customer lists	29,038	310,400	31,479	39,767	410,684
Right-of-use asset	1,094	40	2,292	1,570	4,996
Non-current assets	—	—	—	171	171
Liabilities assumed	(14,572)	(9,168)	(17,650)	(6,469)	(47,859)
Deferred tax liability	(8,030)	(89,071)	(8,457)	(16,388)	(121,946)
	33,846	272,182	34,557	58,501	399,086
<b>Goodwill</b>	<b>55,139</b>	<b>269,497</b>	<b>24,604</b>	<b>95,913</b>	<b>445,153</b>

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 implementing 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 GlobalX Information Pty Ltd.

On July 1, 2021, the Company acquired all issued and outstanding shares of GlobalX Information Pty Ltd. for total consideration of \$163,636 with an upfront cash payment of \$154,865, issuance of 106 common shares with total fair value of \$5,028 and deferred consideration of \$3,743. As at June 30, 2022, deferred consideration outstanding is nil.

The purchase price allocation is final as at June 30, 2022.

#### [b] Acquisition of TM Group (UK) Ltd.

On July 8, 2021, the Company acquired all issued and outstanding shares of TM Group (UK) Ltd. for total cash consideration of \$155,404.

Non-controlling interest was measured at its fair value. The purchase price allocation is final as at June 30, 2022.

## Dye & Durham Limited

### Notes to consolidated financial statements

[Expressed in thousands of Canadian dollars and thousands of shares, except per share amounts]

As at and for the years ended June 30, 2022 and 2021

#### **[c] Acquisition of TELUS' Financial Solutions Business ["TFSB"]**

On December 6, 2021, the Company acquired TELUS' Financial Solutions Business and certain assets from TELUS Corporation for total cash consideration of \$500,000 and deferred consideration of \$1,392. Deferred consideration is expected to be settled within fiscal 2023.

The purchase price allocation is final as at June 30, 2022.

#### **[d] 2022 Other**

In fiscal 2022, the Company completed other business combinations and asset acquisitions for total consideration of \$16,630 and \$80,900, respectively, comprised of upfront cash payments of \$95,491 and fair value of deferred consideration of \$2,039. The deferred consideration is expected to be settled by August 2023.

The purchase price allocations of the business combinations are 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.

#### **[e] 2021 Total**

For the year ended June 30, 2021, the Company completed acquisitions for total consideration of \$844,239 with upfront payments of \$821,619 and fair value of deferred consideration of \$22,620. The purchase price allocation of acquisitions completed during the year ended June 30, 2021 are final.

## Dye & Durham Limited

### Notes to consolidated financial statements

[Expressed in thousands of Canadian dollars and thousands of shares, except per share amounts]

As at and for the years ended June 30, 2022 and 2021

#### 7. Property and equipment

	Computer equipment \$	Furniture, equipment and leasehold improvements \$	Total \$
<b>Cost</b>			
<b>Balance, June 30, 2020</b>	2,338	2,151	4,489
Additions	591	997	1,588
Disposals	(51)	(25)	(76)
Acquired through acquisitions	421	735	1,156
Effects of foreign exchange	7	(36)	(29)
<b>Balance, June 30, 2021</b>	<b>3,306</b>	<b>3,822</b>	<b>7,128</b>
Additions	<b>1,086</b>	<b>86</b>	<b>1,172</b>
Disposals	<b>(1,108)</b>	<b>(355)</b>	<b>(1,463)</b>
Acquired through acquisitions	<b>583</b>	<b>529</b>	<b>1,112</b>
Effects of foreign exchange	<b>(307)</b>	<b>(17)</b>	<b>(324)</b>
<b>Balance, June 30, 2022</b>	<b>3,560</b>	<b>4,065</b>	<b>7,625</b>
<b>Accumulated depreciation</b>			
<b>Balance, June 30, 2020</b>	1,685	826	2,511
Depreciation	710	694	1,404
Disposal	(51)	(25)	(76)
Effects of foreign exchange	3	(4)	(1)
<b>Balance, June 30, 2021</b>	<b>2,347</b>	<b>1,491</b>	<b>3,838</b>
Depreciation	<b>1,158</b>	<b>1,185</b>	<b>2,343</b>
Disposal	<b>(1,070)</b>	<b>(342)</b>	<b>(1,412)</b>
Effects of foreign exchange	<b>(66)</b>	<b>(83)</b>	<b>(149)</b>
<b>Balance, June 30, 2022</b>	<b>2,369</b>	<b>2,251</b>	<b>4,620</b>
<b>Carrying value</b>			
Balance, June 30, 2021	959	2,331	3,290
<b>Balance, June 30, 2022</b>	<b>1,191</b>	<b>1,814</b>	<b>3,005</b>

## Dye & Durham Limited

### Notes to consolidated financial statements

[Expressed in thousands of Canadian dollars and thousands of shares, except per share amounts]

As at and for the years ended June 30, 2022 and 2021

#### 8. Leases

##### [a] Right-of-use assets

The Company's right-of-use assets for leases are as follows:

	\$
<b>Balance, June 30, 2020</b>	6,066
Additions	816
Additions through acquisitions	4,996
Depreciation expense	(2,365)
Derecognition	(138)
Effects of foreign exchange	(15)
<b>Balance, June 30, 2021</b>	9,360
Additions	<b>2,269</b>
Additions through acquisitions	<b>4,058</b>
Depreciation expense	<b>(4,942)</b>
Derecognition	<b>(458)</b>
Effects of foreign exchange	<b>(619)</b>
<b>Balance, June 30, 2022</b>	<b>9,668</b>

##### [b] Lease liabilities

The Company's outstanding lease liabilities are as follows:

	\$
<b>Balance, June 30, 2020</b>	8,044
Additions	138
Additions through acquisitions	4,715
Interest accretion	700
Lease repayments	(3,228)
Effects of foreign exchange	10
<b>Balance, June 30, 2021</b>	10,379
Additions	<b>1,525</b>
Additions through acquisitions	<b>3,939</b>
Interest accretion	<b>885</b>
Lease repayments	<b>(5,675)</b>
Effects of foreign exchange	<b>(572)</b>
<b>Balance, June 30, 2022</b>	<b>10,481</b>
Current	3,363
Non-current	<b>7,118</b>

Total interest accretion recognized as finance costs in the consolidated statements of operations for the year ended June 30, 2022 was \$885 [2021 – \$700].

## Dye & Durham Limited

### Notes to consolidated financial statements

[Expressed in thousands of Canadian dollars and thousands of shares, except per share amounts]

As at and for the years ended June 30, 2022 and 2021

#### 9. Intangible assets

	Software technologies	Brand and trademarks	Licenses	Customer lists	Total
	\$	\$	\$	\$	\$
<b>Cost</b>					
<b>Balance, June 30, 2020</b>	34,729	5,935	21,810	55,770	118,244
Accounting policy change	(180)	—	—	—	(180)
As adjusted	34,549	5,935	21,810	55,770	118,064
Additions	7,938	—	—	—	7,938
Acquired through acquisitions	74,081	30,344	262	410,616	515,303
Disposal	(224)	—	—	—	(224)
Effects of foreign exchange	(223)	136	—	(747)	(834)
<b>Balance, June 30, 2021</b>	116,121	36,415	22,072	465,639	640,247
Additions / transfers	22,637	—	—	—	22,637
Disposals	(10,801)	(409)	(63)	—	(11,273)
Acquired through acquisitions	148,753	14,808	—	354,124	517,685
Adjustments upon finalization of purchase price allocations related to prior year acquisitions	(1,775)	(157)	—	68	(1,864)
Effects of foreign exchange	(6,957)	(1,770)	—	(15,413)	(24,140)
<b>Balance, June 30, 2022</b>	267,978	48,887	22,009	804,418	1,143,292
<b>Accumulated amortization</b>					
<b>Balance, June 30, 2020</b>	11,525	—	4,653	14,545	30,723
Amortization	12,617	2,932	2,226	27,867	45,642
Disposal	(224)	—	—	—	(224)
Effects of foreign exchange	(55)	(36)	—	(109)	(200)
<b>Balance, June 30, 2021</b>	23,863	2,896	6,879	42,303	75,941
Amortization	43,358	7,539	2,284	72,466	125,647
Disposal	(10,801)	(409)	(63)	—	(11,273)
Effects of foreign exchange	(1,013)	(364)	—	(2,585)	(3,962)
<b>Balance, June 30, 2022</b>	55,407	9,662	9,100	112,184	186,353
<b>Carrying value</b>					
Balance, June 30, 2021	92,258	33,519	15,193	423,336	564,306
<b>Balance, June 30, 2022</b>	212,571	39,225	12,909	692,234	956,939

## Dye & Durham Limited

### Notes to consolidated financial statements

[Expressed in thousands of Canadian dollars and thousands of shares, except per share amounts]

As at and for the years ended June 30, 2022 and 2021

#### 10. Goodwill

	\$
<b>Balance, June 30, 2020</b>	52,502
Additions	442,594
Adjustments upon finalization of purchase price allocations related to prior year acquisitions	1,127
Effects of foreign exchange	(1,920)
<b>Balance, June 30, 2021</b>	494,303
Additions	<b>500,815</b>
Adjustments upon finalization of purchase price allocations related to prior year acquisitions	<b>2,559</b>
Effects of foreign exchange	<b>(27,476)</b>
<b>Balance, June 30, 2022</b>	<b>970,201</b>

For the purpose of impairment testing, goodwill is tested at the operating segment level, which represents the Company. The Company performed annual goodwill impairment tests using the fair value less costs of disposal model. The fair value measurement of the Company utilizes a market approach by considering the Company's market capitalization. The costs of disposal were assumed to be 2.5% of the fair value measurement. The recoverable amount of goodwill exceeded the carrying value as at June 30, 2022 and 2021. Reasonable possible changes in key assumptions would not cause the recoverable amount of goodwill to fall below the carrying value.

#### 11. Loans and borrowings

Loans and borrowings comprise the following:

	June 30, 2022	June 30, 2021
	\$	\$
<b>Current</b>		
Term credit facility [a][b][c][d]	<b>15,240</b>	12,879
Convertible debentures accrued interest [note 10]	<b>4,324</b>	4,528
	<b>19,564</b>	17,407
<b>Non-current</b>		
Term credit facility [a][b][c][d]	<b>861,244</b>	222,140
<b>Total</b>	<b>880,808</b>	239,547

#### Credit facilities

##### [a] FY2020 credit facility

On July 11, 2019, the Company settled its then-existing credit facility and replaced it with a new credit facility [the "FY2020 Credit Facility"]. The aggregate amount committed under the FY2020 Credit Facility was \$200,000 comprising [i] a \$10,000 revolving loan facility; and [ii] a \$190,000 term loan facility [the "Term Loan Commitment"].

## Dye & Durham Limited

### Notes to consolidated financial statements

[Expressed in thousands of Canadian dollars and thousands of shares, except per share amounts]

As at and for the years ended June 30, 2022 and 2021

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 bore 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 were due on a quarterly basis on the term loan. The FY2020 Credit Facility had a maturity date of July 11, 2024. The FY2020 Credit Facility was classified as a financial liability at amortized cost and accounted for using the effective interest rate method.

The FY2020 Credit Facility was repaid in full on September 25, 2020. The unamortized portion of loan fees of \$5,407 was recognized as finance costs in the consolidated statements of operations and comprehensive income for the year ended June 30, 2021.

#### **[b] FY2021 credit facility**

On September 25, 2020, the Company settled the FY2020 Credit Facility and replaced it with a new credit facility ["FY2021 Credit Facility"]. The aggregate amount committed under the FY2021 Credit Facility was \$140,000. The FY2021 Credit Facility also included an additional uncommitted accordion of up to \$25,000, for an aggregate total availability of up to \$165,000.

The Company received total gross cash proceeds of \$131,684 under the FY2021 Credit Facility and incurred financing fees of \$847. The FY2021 Credit Facility bore an interest rate based on a grid system at the lower of [i] BA rate; and [ii] the prime rate of interest payable quarterly or monthly at the option of the Company. Interest payments were due on a monthly or quarterly basis at the option of the Company. The FY2021 Credit Facility had a maturity date of September 25, 2022. The FY2021 Credit Facility was classified as a financial liability at amortized cost and is accounted for using the effective interest rate method. On September 30, 2020, the Company completed an equity financing and repaid \$45,000 of the FY2021 Credit Facility from the cash proceeds received.

On December 10, 2020, the balance outstanding under the FY2021 Credit facility of \$36,500 and unamortized financing fees of \$767 were rolled over to the FY2021 Amended Credit Facility.

#### **[c] FY2021 amended credit facility**

On December 10, 2020, the Company amended the FY2021 Credit Facility and replaced it with a new credit facility ["FY2021 Amended Credit Facility"]. The aggregate amount committed under the FY2021 Amended Credit Facility was \$570,000 comprising [i] a \$140,000 revolving loan facility, [ii] a \$305,000 term loan facility ["Term A Credit Facility"] and [iii] a \$125,000 term loan facility ["Term B Credit Facility"].

The Company received total gross cash proceeds of \$375,694 under the FY2021 Amended Credit Facility and incurred financing fees of \$6,906. The FY2021 Amended Credit Facility bore an interest rate based on a grid system at the lower of [i] BA rate and [ii] the prime rate of interest payable monthly. The Term A Credit Facility had a maturity date of September 25, 2024, with fixed quarterly principal repayments of \$3,813 in the years 2021 and 2022 and \$5,719 thereafter until maturity. The Term B Credit Facility had a maturity date of July 31, 2022. The FY2021 Amended Credit Facility was classified as a financial liability at amortized cost and was accounted for using the effective interest rate method.

In March 2021, the Company increased the borrowing capacity under the FY2021 Amended Credit Facility to \$700,000 comprising [i] a \$455,000 revolving loan facility and [ii] a \$245,000 term loan facility ["Amended Term A Credit Facility"]. The Term B Credit Facility of \$125,000 was fully repaid in March 2021.



## Dye & Durham Limited

### Notes to consolidated financial statements

[Expressed in thousands of Canadian dollars and thousands of shares, except per share amounts]

As at and for the years ended June 30, 2022 and 2021

In December 2021, the Company terminated and fully repaid all outstanding balances under the FY2021 Amended Credit Facility in the amount of \$238,875. As a result, the remaining unamortized portion of loan fees of \$6,536 was expensed immediately as finance costs in the consolidated statements of operations.

	\$
<b>Balance, June 30, 2021</b>	235,019
Add (less)	
Interest and accretion expense	<b>4,650</b>
Interest paid	<b>(4,248)</b>
Loss on settlement of loan	<b>6,536</b>
Principal repayments	<b>(241,957)</b>
<b>Balance, June 30, 2022</b>	<b>—</b>

#### [d] Ares Credit Facility

On December 3, 2021, the Company settled the FY2021 Amended Credit Facility and replaced it with a new credit facility ["Ares Credit Facility"]. The aggregate amount committed under the Ares Credit Facility is \$1,795,000 comprising [i] a \$1,520,000 initial term loan facility ["Initial Term Loan"], [ii] a \$200,000 delayed draw term loan facility ["DDTL Facility"] and [iii] a \$75,000 revolving credit facility ["Revolving Facility"].

On closing of the Ares Credit Facility in December 2021, the Company received total gross cash proceeds of \$1,520,000 from the Initial Term Loan and incurred financing fees of \$52,394. The Ares Credit Facility bears an interest rate based on a grid system at the lower of [i] Canadian Dollar Offered Rate ["CDOR"] + 5.75%; [ii] Eurocurrency rate + 5.75%, [iii] Canadian prime rate + 4.75% and [iv] base rate + 4.75% of interest payable quarterly or monthly at the option of the Company. On February 16, 2022, the Company made a partial repayment of \$615,000 on the Initial Term Loan. As a result, the Company recorded a loss on settlement of loan from its proportionate unamortized portion of issuance costs of \$18,320 and paid a prepayment premium of \$12,300, which were recognized as finance costs in the consolidated statements of operations and comprehensive income for the year ended June 30, 2022.

The Initial Term Loan and DDTL Facility have a maturity date of December 3, 2027, and the Revolving Facility has a maturity date of December 3, 2026. As at June 30, 2022, nil amount was drawn under the DDTL Facility and the Revolving Facility. The Ares Credit Facility is classified as a financial liability at amortized cost and is accounted for using the effective interest rate method.

The Ares Credit Facility is secured by a first ranking security over all present and after-acquired properties in the form of a general security agreement. As at June 30, 2022, the Company was in compliance with its covenants.

## Dye & Durham Limited

### Notes to consolidated financial statements

[Expressed in thousands of Canadian dollars and thousands of shares, except per share amounts]

As at and for the years ended June 30, 2022 and 2021

The balance outstanding under the Ares Credit Facility as at June 30, 2022 is as follows:

	\$
<b>Principal balance</b>	<b>1,520,000</b>
Add (less)	
Issuance costs	(52,394)
Principal repayment	(615,000)
Interest and accretion expense	39,010
Issuance costs written off	18,320
Interest paid	(33,452)
<b>Balance, June 30, 2022</b>	<b>876,484</b>
Current	15,240
Non-current	861,244

#### 12. Derivative liability

On August 29, 2019, the Company entered into an interest rate swap with a lender, 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 had a five-year term ending July 11, 2024. The Company designated the interest rate swap as a cash flow hedge and any subsequent changes in fair value were recorded in other comprehensive income until settlement. On September 25, 2020, hedge accounting was discontinued as a result of repayment of the Term Loan Commitment, and the fair value of the derivative liability of \$6,265 and the related income tax impact of \$1,658 was reclassified from accumulated other comprehensive income to profit or loss, resulting in realized loss on derivative of \$6,265 and income tax recovery of \$1,658 for the year ended June 30, 2021.

On September 25, 2020, in connection with the FY2021 Credit Facility, the Company amended the interest rate swap and exchanged the existing \$150,000 fixed interest rate swap for a new \$70,000 interest rate swap for a fixed payment of 2.95% per annum. The amended interest rate swap had a five-year term ending on September 25, 2025. The Company had designated the amended interest rate swap as a cash flow hedge for future variable interest payments. Any subsequent changes in fair value were recorded in other comprehensive income for the effective portion of the hedge, and the ineffective portion was recognized directly through profit or loss as finance costs.

On November 16, 2021, hedge accounting was discontinued as a result of settlement of the interest rate swap with cash payment of \$3,076. The unrealized gain attributable to the effective portion of the hedge of \$1,861 and the related income tax impact of \$304 was reclassified from accumulated other comprehensive income to profit or loss, resulting in realized gain on derivative of \$1,861 recognized in finance cost and income tax recovery of \$304 for the year ended June 30, 2022.

## Dye & Durham Limited

### Notes to consolidated financial statements

[Expressed in thousands of Canadian dollars and thousands of shares, except per share amounts]

As at and for the years ended June 30, 2022 and 2021

Below is a reconciliation of the derivative liability is summarized below:

	\$
<b>Derivative liability, June 30, 2020</b>	5,466
Change in fair value of new swap	799
Change in fair value of amended swap	(2,085)
<b>Derivative liability, June 30, 2021</b>	4,180
Change in fair value of amended swap	<b>(1,104)</b>
Settlement of amended swap	<b>(3,076)</b>
<b>Derivative liability, June 30, 2022</b>	<b>—</b>

During the year ended June 30, 2022, the Company recognized a gain on the change in fair value of \$758 for the effective portion of the hedge [2021 – \$1,103]. The ineffective portion for the year ended June 30, 2022 was gain on change in fair value of \$346 [2021 – \$982], which was recognized through profit or loss in finance costs.

### 13. Convertible debentures

In February 2021, the Company issued 345,000 convertible senior unsecured debentures ["Convertible Debentures"] for total cash proceeds of \$345,000 with a maturity date of March 1, 2026. The Convertible Debentures bear an interest rate of 3.75% payable semi-annually and are convertible into common shares of the Company at an exercise price of \$73.23 per share.

The Company determined that the Convertible Debentures do not qualify as a compound instrument and therefore there is no equity component to the instrument. This is due to the fact that the Company has the right to settle the Convertible Debentures in cash if the holders elect to exercise their conversion option. Accordingly, the Convertible Debentures are classified and accounted for entirely as a financial liability, which the Company has elected to measure at FVTPL. The fair value of the Convertible Debentures is classified as Level 2 in the fair value hierarchy. The fair value of the Convertible Debentures as at June 30, 2022 was \$276,000 using a market approach based on underlying share price of \$21.75 per share, resulting in a gain on change in fair value for the year ended June 30, 2022 of \$74,013 [2021 – loss of \$5,013].

The change in the Company's own credit risk resulted in a gain on the change in fair value of Convertible Debenture of \$17,329 for the year ended June 30, 2022 [2021 – \$1,715], which was recognized in other comprehensive income. The change in fair value of Convertible Debentures excluding the impact of change in the Company's own credit risk resulted in recognition of a gain on change in fair value of Convertible Debentures of \$56,684 through finance costs for the year ended June 30, 2022 [2021 – loss of \$6,728].

Convertible Debentures issuance costs were expensed immediately on issuance through finance costs in the amount of \$11,127 for the year ended June 30, 2021.

## Dye & Durham Limited

### Notes to consolidated financial statements

[Expressed in thousands of Canadian dollars and thousands of shares, except per share amounts]

As at and for the years ended June 30, 2022 and 2021

#### 14. Capital stock

##### [a] Authorized

The authorized share capital of the Company consists of an unlimited number of common shares.

##### [b] Issued and outstanding

	Dye & Durham Limited		Dye & Durham Corporation				Total \$
	Common shares		Common shares		Preferred shares		
	#	\$	#	\$	#	\$	
<b>Balance, June 30, 2020</b>	—	—	20,493	199	3,837	8,870	9,069
Pre-IPO reorganization [i]	24,330	9,069	(20,493)	(199)	(3,837)	(8,870)	—
Issuance of common shares, net of issuance costs [ii], [iii]	43,684	830,650	—	—	—	—	830,650
Stock options exercised [iv]	497	6,023	—	—	—	—	6,023
<b>Balance, June 30, 2021</b>	68,511	845,742	—	—	—	—	845,742
Issuance of common shares, net of issuance costs [vi]	127	4,958	—	—	—	—	4,958
Acquisition consideration [v]	106	5,028	—	—	—	—	5,028
Stock options exercised [vii]	405	10,568	—	—	—	—	10,568
<b>Balance, June 30, 2022</b>	<b>69,149</b>	<b>866,296</b>	—	—	—	—	<b>866,296</b>

[i] As part of the reorganization in connection with the IPO, the Company issued 24,330 common shares to acquire all issued and outstanding common shares and preferred shares of D&D Corp. As the acquisition of D&D Corp by the Company is accounted for as a reorganization using the continuity of interest method, financial information for the preacquisition period, including the comparative period, is presented based on historical financial information of D&D Corp, resulting in presentation of net movement of preferred shares to common shares.

[ii] On July 17, 2020, the Company completed its IPO and issued 20,000 common shares for total gross consideration of \$150,000. In addition, during the year ended June 30, 2021, the Company issued 22,726 common shares for total gross consideration of \$676,275. Total share issuance costs for the year ended June 30, 2021 amounted to \$29,074 [net of income tax recovery of \$10,500], resulting in net cash proceeds of \$786,701.

[iii] On December 10, 2020, the Company issued 942 common shares with a total fair value of \$32,967 as consideration for the acquisition of Do Process and issued 16 common shares in settlement of an acquired liability in the amount of \$482.

[iv] During the year ended June 30, 2021, 497 stock options were exercised for cash proceeds of \$4,918 and the related grant date fair value of the options of \$1,105 was reclassified from contributed surplus to share capital.

[v] On July 1, 2021, the Company issued 106 common shares with a total fair value of \$5,028 as partial consideration for the acquisition of GlobalX Information Pty Ltd.

[vi] On December 3, 2021, the Company completed a private placement offering and issued 127 common shares for total gross consideration of \$5,000. Total share issuance costs were \$42 [net of income tax recovery of \$15], resulting in net cash proceeds of \$4,958.

[vii] During the year ended June 30, 2022, 405 stock options were exercised for cash proceeds of \$8,194 and the related grant date fair value of the options of \$2,374 was reclassified from contributed surplus to share capital.

## Dye & Durham Limited

### Notes to consolidated financial statements

[Expressed in thousands of Canadian dollars and thousands of shares, except per share amounts]

As at and for the years ended June 30, 2022 and 2021

#### [c] Stock options

During the year ended June 30, 2022, the Company granted 4.8 million market performance-based stock options [2021 – 2.5 million], 2.1 million non-market performance-based stock options [2021 – nil] and 1.4 million service-based stock options [2021 – 4.2 million] to employees. Service-based stock options typically vest over a four-year period in equal tranches annually with certain options vesting. Market performance-based stock options vest based on the Company achieving and maintaining certain share price targets and non-market performance-based stock options vest based on achieving certain operational targets.

On December 20, 2021, 600 stock options granted to the Board of Directors of the Company on May 13, 2021 were not ratified by the shareholders of the Company, resulting in these stock options being accounted for as share appreciation rights. Share appreciation rights will be settled in cash, resulting in reclassification from equity-settled stock options to cash-settled share appreciation rights, with \$622 being reclassified from contributed surplus to share appreciation rights liability account. As at June 30, 2022, the fair value of the share appreciation rights liability was \$1,106 presented as accounts payable and accrued liabilities and other non-current liabilities in the amount of \$792 and \$314 respectively, in the consolidated statements of financial position. These share appreciation rights vest over a three-year period in equal tranches annually.

On May 16, 2022, 2 deferred stock units granted to the Board of Directors of the Company which will be settled in cash. As at June 30, 2022, the fair value of the deferred stock unit was \$11 and presented as accounts payable and accrued liabilities. These deferred stock units vest immediately.

For the year ended June 30, 2022, the Company recognized an expense of \$23,962 as share-based compensation expense in the consolidated statements of operations [2021 – \$26,008]. As a result of valuation of performance-based and service-based stock options, for the year ended June 30, 2022, the Company recognized \$23,467 share-based compensation expense in the consolidated statements of operations [2021 – \$26,008].

Changes in the number of stock options during the years ended June 30, 2022 and 2021 were as follows:

	2022		2021	
	Number of options #	Weighted average exercise price \$	Number of options #	Weighted average exercise price \$
Stock options, July 1	6,871	27.14	1,031	3.61
Granted	8,273	38.78	6,693	30.06
Exercised	(406)	20.20	(497)	9.90
Forfeited	(740)	43.65	(356)	37.36
<b>Stock options, June 30</b>	<b>13,998</b>	<b>33.35</b>	<b>6,871</b>	<b>27.14</b>
<b>Exercisable options, June 30</b>	<b>3,618</b>	<b>22.16</b>	<b>2,934</b>	<b>20.38</b>

## Dye & Durham Limited

### Notes to consolidated financial statements

[Expressed in thousands of Canadian dollars and thousands of shares, except per share amounts]

As at and for the years ended June 30, 2022 and 2021

A summary of the Company's outstanding stock options as at June 30, 2022 and 2021 are as follows:

Exercise price range in \$	Number outstanding, June 30, 2022	Weighted average remaining contractual life in years	Number outstanding, June 30, 2021	Weighted average remaining contractual life in years
Less than \$19.99	720	1.87	859	2.79
\$20.00–\$29.99	3,860	3.59	3,478	4.39
\$30.00–\$39.99	7,301	4.26	305	4.46
\$40.00–\$51.00	2,117	3.87	2,229	4.71
<b>Stock options, June 30</b>	<b>13,998</b>	<b>3.89</b>	<b>6,871</b>	<b>4.30</b>

The weighted average share price for the exercised stock options during the year was \$43.78 per share [2021 – \$41.92 per share]

The fair value of the market performance-based stock options was calculated using the Monte Carlo option model and the fair value of all other options granted was calculated using the Black-Scholes option pricing model on the grant date. The key assumptions used in the valuation of these grants were as follows:

	2022	2021
Exercise price	\$21.60–\$47.63	\$7.50–\$51.00
Expected dividend yield	0.16%–0.35%	0%–0.35%
Risk free interest rate	1.0%–3.4%	0.4%–1.0%
Expected option life	5 years	5 years
Expected volatility	43.8%–63.9%	30.0%–58.8%
Estimated average forfeiture rate	41%	37.5%

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

#### [d] Dividends

The Company paid \$5,168 of dividends to shareholders during the year ended June 30, 2022 [2021 – \$3,628] based on a quarterly dividend of \$0.01875 per share.

## Dye & Durham Limited

### Notes to consolidated financial statements

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As at and for the years ended June 30, 2022 and 2021

#### 15. Earnings per share

The following table reflects the income and share data used in the basic and diluted earnings per share ["EPS"] calculations:

	June 30, 2022	June 30, 2021
Net income attributable to the shareholders of the Company [basic]	7,665	(40,849)
Interest income on convertible debentures, net of tax	9,548	—
Change in fair value of convertible debentures, net of tax	(41,668)	—
Net income attributable to the shareholders of the Company [diluted]	(24,455)	(40,849)
Weighted average number of shares for basic EPS	68,911	56,423
Effects of dilution from		
Stock options under share based payment	1,915	—
Convertible debentures	4,711	—
Weighted average number of shares adjusted for the effect of dilution	75,537	56,423
Basic EPS	0.11	(0.72)
Diluted EPS	(0.32)	(0.72)

For the year ended June 30, 2022, 5,981 options were excluded from the diluted weighted average number of shares calculation as their effect would have been anti-dilutive. For the year ended June 30, 2021, all potentially dilutive securities have been excluded from the calculation of diluted earnings per share, given the Company was in a net loss position during that period and their effect would be anti-dilutive.

#### 16. Finance costs

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

	2022 \$	2021 \$
Interest and accretion costs, net [i]	81,328	27,627
Convertible debentures transaction costs [note 13]	—	11,127
Change in fair value of convertible debentures [note 13]	(56,684)	6,728
Change in fair value of contingent consideration	(4,916)	1,127
Change in fair value of derivatives [note 12]	(346)	(982)
Realized (gain) loss on derivatives [note 12]	(1,861)	6,265
Loss on settlement of loans and borrowings [note 11]	24,856	5,407
	42,377	57,299

## Dye & Durham Limited

### Notes to consolidated financial statements

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As at and for the years ended June 30, 2022 and 2021

[i] Interest and accretion costs for the year ended June 30, 2022 include \$12,300 of additional interest paid on partial prepayment of the Ares Credit Facility [note 11]. Interest and accretion costs for year ended June 30, 2021 include \$7,315 of additional interest paid on prepayment of loans and borrowings on refinancing in September 2020.

#### 17. Employee compensation

Total employee compensation comprising salaries and benefits for the year ended June 30, 2022 was \$107,595 [2021 – \$47,435].

#### 18. Acquisition, restructuring and other costs

	2022	2021
	\$	\$
Acquisitions, listing and capital reorganization related expenses	46,280	21,623
Restructuring	3,292	4,034
	<b>49,572</b>	<b>25,657</b>

Acquisitions, listing and capital reorganization related expenses consist mainly of professional fees and include integration costs. Restructuring expenses mainly represent employee exit costs as a result of synergies created due to business combinations and organizational changes.

#### 19. Related party transactions

The Company defines key management personnel as being the Board of Directors, the Chief Executive Officer [“CEO”] and the executive leadership team. The remuneration of key management personnel during year was as follows:

	2022	2021
	\$	\$
Salaries and benefits	5,840	2,674
Stock-based compensation	18,053	20,347
	<b>23,893</b>	<b>23,021</b>

As at June 30, 2022, \$126 [June 30, 2021 – \$154] was included in accounts payable and accrued liabilities for consulting fees, salaries and benefits, directors fees and reimbursement of expenses. The amounts due are unsecured, bear no interest and are payable on demand.



## Dye & Durham Limited

### Notes to consolidated financial statements

[Expressed in thousands of Canadian dollars and thousands of shares, except per share amounts]

As at and for the years ended June 30, 2022 and 2021

#### 20. Income taxes

The following table reconciles the expected income tax 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:

	2022 \$	2021 \$
Income before income taxes	18,087	(42,103)
Statutory income tax rates	26.50%	26.55%
Expected income tax (expense)/recovery	(4,793)	11,176
Non-deductible items	(5,380)	(7,679)
Deferred tax remeasurement – change in statutory rates	(663)	(2,403)
Other	590	160
<b>Income tax (expense)/recovery</b>	<b>(10,246)</b>	<b>1,254</b>
Current tax expense	(53,112)	(10,540)
Deferred tax recovery	42,866	11,794
<b>Income tax (expense)/recovery</b>	<b>(10,246)</b>	<b>1,254</b>

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, 2022 and 2021 comprised the following:

	2022 \$	2021 \$
Non-capital loss carryforwards	37,898	487
Finance costs	18,646	14,413
Derivative liability	—	867
Convertible debenture	(18,285)	1,328
Capital assets	(63)	143
Investment tax credit	185	(178)
Intangible assets	(215,153)	(129,609)
Trade payables	1,390	1,278
Other	(267)	332
<b>Deferred tax liabilities</b>	<b>(175,649)</b>	<b>(110,939)</b>

The Company has non-capital loss carryforwards of approximately \$143,011 [2021 – \$1,042], 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.

## Dye & Durham Limited

### Notes to consolidated financial statements

[Expressed in thousands of Canadian dollars and thousands of shares, except per share amounts]

As at and for the years ended June 30, 2022 and 2021

As at June 30, 2022, the Company does not have non-capital loss carryforwards [2021 – \$878 [£511]], which may be carried forward to apply against future year income tax for U.K. income tax purposes, subject to the final determination by taxation authorities. The non-capital losses can be carried forward indefinitely.

#### 21. Contingencies and commitments

In the ordinary course of business, from time to time, the Company is involved in various claims related to operations, rights, commercial, employment or other claims. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to these claims to be material to these financial statements.

On December 21, 2021, the Company entered into an agreement to acquire all issued and outstanding shares of Link Administration Holdings Limited ["Link"] for cash consideration of approximately \$3,200 million or AUD\$5.50 per Link common share. On July 21, 2022, the Company and Link agreed to reduce the purchase consideration to AUD\$4.81 per Link common share.

On September 23, 2022, Various conditions precedent necessary to implement the Scheme Implementation Deed (SID) between Link Group and Dye & Durham were not able to be satisfied in the applicable time permitted and there was no expectation that the outstanding conditions precedent for the transaction would be satisfied. Accordingly, the Supreme Court of New South Wales (Australia) declined to make orders approving the SID and dismissed the proceedings, resulting in the transaction being terminated.

#### 22. Fair value measurement

The fair values of cash and cash equivalents, receivables, accounts payable and accrued liabilities, customer advances and holdbacks approximate their carrying values due to the immediate or short-term maturity of these financial instruments. The fair value of loans and borrowings approximates their carrying value due to the variable interest rates on these instruments. The Company measures its derivative liability, convertible debentures and contingent consideration on acquisitions at fair value.

All assets and liabilities for which fair value is measured or disclosed in these 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; and

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Contingent consideration on acquisitions is classified as Level 3 financial instruments. Convertible debentures and derivative liability are classified as Level 2 financial instruments. During the years ended June 30, 2022 and 2021, there were no transfers of amounts between levels.

Change in interest or discount rate by 1% would have nominal impact on the fair value of contingent consideration.

## Dye & Durham Limited

### Notes to consolidated financial statements

[Expressed in thousands of Canadian dollars and thousands of shares, except per share amounts]

As at and for the years ended June 30, 2022 and 2021

#### 23. Capital management

The Company's capital management objectives are to maintain financial flexibility in order to pursue its strategy of organic and acquisition growth and to provide returns to its shareholders. The Company defines capital as the aggregate of its capital stock and borrowings.

	2022	2021
	\$	\$
Capital stock	866,296	845,742
Loans and borrowings	880,808	239,547
Convertible debentures	276,000	350,013
	<u>2,023,104</u>	<u>1,435,302</u>

The Company manages its capital structure in accordance with changes in economic conditions. In order to maintain or adjust its capital structure, the Company may elect to issue or repay financial liabilities, issue shares, repurchase shares, pay dividends or undertake any other activities as deemed appropriate under the specific circumstances. The Company is not subject to any externally imposed capital requirements.

#### 24. Financial instruments and risk management

##### Credit risk

Credit risk is risk of financial loss to the Company if any counterparty to a financial asset fails to meet its contractual obligations and arises principally from deposits with banks and outstanding receivables. 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 U.K., Irish and Australian financial institutions. Due to the Company's diversified customer base, there is no particular concentration of credit risk related to the Company's receivables. Trade and other receivables are monitored on an ongoing basis to ensure timely collection of amounts. There are no receivables from individual customers for 10% or more of revenues or receivables.

As at June 30, 2022, 76% [2021 – 75%] of the Company's trade receivables are current, 17% [2021 – 15%] are between 31 to 90 days past due and 7% [2021 – 10%] are over 90 days past due. As at June 30, 2022, the Company has \$55,422 [2021 – \$47,077] of receivables outstanding and recognized \$1,549 [2021 – \$2,721] allowance for ECLs in connection with its trade receivables.

##### 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 credit facility for which the interest rate is adjusted with future fluctuations in CDOR, eurocurrency rate or prime rate or BA rate. Within the year 2022 and 2021, the Company entered into interest rate swaps, in which it agreed to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. As at June 30, 2022, there are no outstanding interest rate swap agreements. Based on the amount owing as at June 30, 2022, a 1% change in the CDOR rate, with all other variables held constant, would change finance costs and income before taxes by \$3,369 on the loans.

## Dye & Durham Limited

### Notes to consolidated financial statements

[Expressed in thousands of Canadian dollars and thousands of shares, except per share amounts]

As at and for the years ended June 30, 2022 and 2021

#### Foreign exchange risk

Foreign exchange risk is the risk that the 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 into in 2022 or 2021.

As at June 30, 2022, the Company had a net financial liability position denominated in British pounds of \$3,733 [£2,382] [2021 – net assets of \$835 [£486]]. As at June 30, 2022, the Company had a net financial liability position denominated in Australian dollars of \$4,776 [A\$5,370] [2021 – net liability of \$324 [A\$348]]. As at June 30, 2022, the Company had a net financial asset position denominated in US dollars of \$248 [US\$192] [2021 – nil]. A 10% change in the exchange rates of significant currencies to which the Company has exposure as at June 30, 2022 would change finance costs and income before taxes by \$826 [2021 – not significant impact].

#### Liquidity risk

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

The Company intends to rely on positive cash flows from operations, cash available under existing credit facilities and agreements 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.

A summary of the maturity profile of financial liabilities based on contractual undiscounted payments and derivative liability undiscounted cash flows are as follows:

	Year 1	Year 2	Year 3	Year 4	Year 5 and over	Total
	\$	\$	\$	\$	\$	\$
<b>As at June 30, 2022</b>						
Accounts payable and accrued liabilities	117,970	—	—	—	—	117,970
Holdbacks and contingent consideration on acquisitions	7,765	2,170	—	—	—	9,935
Customer advances	14,151	—	—	—	—	14,151
Lease liabilities	3,657	2,625	2,193	1,800	1,312	11,587
Loans and borrowings	61,518	60,675	59,514	919,837	—	1,101,544
Convertible debentures	12,938	12,973	12,938	12,938	345,000	396,787
	<b>217,999</b>	<b>78,443</b>	<b>74,645</b>	<b>934,575</b>	<b>346,312</b>	<b>1,651,974</b>

## Dye & Durham Limited

### Notes to consolidated financial statements

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As at and for the years ended June 30, 2022 and 2021

	Year 1	Year 2	Year 3	Year 4	Year 5 and over	Total
	\$	\$	\$	\$	\$	\$
<b>As at June 30, 2021</b>						
Accounts payable and accrued liabilities	59,931	—	—	—	—	59,931
Holdbacks and contingent consideration on acquisitions	18,057	5,942	2,170	—	—	26,169
Customer advances	10,249	—	—	—	—	10,249
Lease liabilities	3,302	2,491	2,007	1,726	2,944	12,470
Loans and borrowings	19,888	21,206	25,542	199,284	—	265,920
Derivative financial liability	2,065	2,065	2,059	2,076	492	8,757
Convertible debentures	13,141	12,938	12,973	12,938	357,938	409,928
	<u>126,633</u>	<u>44,642</u>	<u>44,751</u>	<u>216,024</u>	<u>361,374</u>	<u>793,424</u>

#### 25. 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 three geographic segments, being Canada, UK and Ireland, and Australia. The following tables present details on revenues derived and details on property and equipment and intangible assets domiciled in the following geographical locations.

Revenue for the years ended June 30, 2022 and 2021:

	2022	2021
	\$	\$
Canada	263,411	127,572
UK and Ireland	141,075	58,765
Australia	70,322	22,608
	<u>474,808</u>	<u>208,945</u>

## Dye & Durham Limited

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As at and for the years ended June 30, 2022 and 2021

Property and equipment and intangible assets as at June 30, 2022 and 2021:

	Canada \$	UK and Ireland \$	Australia \$	Total \$
<b>June 30, 2022</b>				
Property and equipment	1,320	1,014	671	3,005
Intangible assets	716,680	168,241	72,018	956,939
	Canada \$	UK and Ireland \$	Australia \$	Total \$
<b>June 30, 2021</b>				
Property and equipment	1,973	616	701	3,290
Intangible assets	407,175	122,094	35,037	564,306

#### 26. Subsequent events

##### Finalization of order from the United Kingdom's Competition and Market Authority ["CMA"]

On July 8, 2021, the Company acquired all issued and outstanding shares of TM Group [UK] Limited ["TMG" or "TM Group"] for total cash consideration of \$155.4 million. On August 27, 2021, the Company received an initial enforcement order from the CMA in respect of the Company's acquisition of TMG. On August 3, 2022, the CMA released its final report and concluded that the Company's acquisition of TMG, which closed in July 2021, would lessen competition in the UK property search services market. The CMA asserts that the only effective way to address the issues it has identified would be for the Company to sell the entirety of TMG to a third party. While Company management strongly disagrees with the CMA's decision it is considering an undertaking that fully addresses the concerns raised.

##### New lease agreement

On August 22, 2022, the Company entered into a sublease agreement to lease twenty-seven thousand four hundred and seventy [27,470] square feet of premise for its corporate office in Toronto. The lease will be for four [4] years commencing December 1, 2022 for an approximate annual rent of \$2 million.

##### Declared dividend

A dividend for the three months ending June 30, 2022, in the amount of \$0.01875 per Common Share, to be paid on or about October 10, 2022, to holders of Common Shares of record as of the close of business on October 3, 2022, be and the same is hereby declared payable.