

Dye & Durham Limited

Condensed consolidated interim financial statements

[Expressed in thousands of Canadian dollars]

Unaudited

For the three and six months ended December 31,

2022 and 2021

Dye & Durham Limited

**Condensed Consolidated Interim Statements of
Financial Position [unaudited]**

[Expressed in thousands of Canadian dollars]

	Note	December 31, 2022 \$	June 30, 2022 \$
Assets			
Current			
Cash and cash equivalents		34,805	223,619
Trade and other receivables		68,808	70,365
Prepaid expenses and other assets		14,609	12,080
		118,222	306,064
Assets held for sale	5	169,883	—
		288,105	306,064
Non-current			
Other assets		3,126	4,565
Property and equipment, net		3,334	3,005
Right-of-use assets, net		13,481	9,668
Deferred tax assets		9,548	—
Intangible assets, net	7	856,542	956,939
Goodwill	8	908,985	970,201
		2,083,121	2,250,442
Liabilities and shareholders' equity			
Current			
Accounts payable and accrued liabilities		119,984	117,970
Customer advances		9,918	14,151
Holdbacks and contingent consideration on acquisitions, current		11,413	6,166
Lease liabilities, current		3,915	3,363
Loans and borrowings, current	9	4,619	19,564
		149,849	161,214
Liabilities directly associated with assets held for sale	5	26,479	—
		176,328	161,214
Non-current			
Holdbacks and contingent consideration on acquisitions		—	2,770
Lease liabilities		10,761	7,118
Loans and borrowings	9	920,580	861,244
Other liabilities		2,886	3,018
Deferred tax liabilities		144,731	175,649
Convertible debentures	10	262,200	276,000
		1,517,486	1,487,013
Commitments and contingencies	16		
Shareholders' equity			
Capital stock	11	698,004	866,296
Contributed surplus		59,929	46,684
Accumulated other comprehensive income		12,985	(32,683)
Reserves of a disposal group held for sale	5	(9,483)	—
Deficit		(195,800)	(116,873)
Non-controlling interests		—	5
		565,635	763,429
Total liabilities and shareholders' equity		2,083,121	2,250,442

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

On behalf of the Board:

"Signed"
Director - Ronnie Wahi

"Signed"
Director - Mario Di Pietro

Dye & Durham Limited

**Condensed Consolidated Interim
Statements of Operations [unaudited]**

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

	Note	Three months ended December 31,		Six months ended December 31,	
		2022	2021	2022	2021
		\$	\$	\$	\$
Revenue	19	106,651	109,634	226,818	222,256
Expenses					
Direct costs		(12,413)	(13,501)	(26,436)	(29,141)
Technology and operations	13	(22,156)	(20,106)	(46,987)	(40,217)
General and administrative	13	(8,444)	(7,679)	(20,213)	(16,865)
Sales and marketing	13	(6,062)	(5,737)	(11,159)	(11,065)
Stock-based compensation	11	(8,044)	(8,525)	(13,362)	(12,130)
Income before the following		49,532	54,086	108,661	112,838
Finance costs	12	(38,425)	(22,311)	(54,613)	(9,712)
Amortization, depreciation and impairment	7	(39,041)	(26,914)	(77,389)	(57,874)
Acquisition, restructuring and other costs	14	(15,589)	(9,762)	(34,072)	(20,405)
Income before taxes		(43,523)	(4,901)	(57,413)	24,847
Income tax recovery (expense)		8,705	925	11,096	(6,725)
Net income/(loss)		(34,818)	(3,976)	(46,317)	18,122
Attributable to:					
Non-controlling interests		—	153	—	77
Shareholders		(34,818)	(4,129)	(46,317)	18,045
		(34,818)	(3,976)	(46,317)	18,122
Net earnings per common share	17				
Basic		(0.52)	(0.06)	(0.68)	0.26
Diluted		(0.52)	(0.06)	(0.68)	0.20
Weighted average number of shares outstanding	17				
Basic		67,022	68,723	68,091	68,680
Diluted		67,022	68,723	68,091	75,728

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Dye & Durham Limited

Notes to condensed consolidated interim financial statements

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

December 31, 2022 and 2021

Unaudited

Dye & Durham Limited

Condensed Consolidated Interim Statements of Comprehensive Income [unaudited]

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

	Three months ended December 31,		Six months ended December 31,	
	2022	2021	2022	2021
Note	\$	\$	\$	\$
Net income/(loss)	(34,818)	(3,976)	(46,317)	18,122
Other comprehensive income				
Items that may be reclassified to profit or loss in subsequent periods				
Exchange differences on translation of foreign operations	35,938	2,497	26,498	(1,458)
Realized gain on derivatives designated as cash flow hedge	—	(1,557)	—	(1,557)
Net change in fair value of derivatives designated as cash flow hedge, net of income taxes of \$nil	—	666	—	746
	35,938	1,606	26,498	(2,269)
Items that will not be reclassified to profit or loss in subsequent periods				
Net change in fair value of convertible debentures attributable to change in own credit risk, net of income taxes of [three months: (\$4,754) (2021: (\$2,966)) and six months: (\$3,492) (2021: \$655)]	10	13,186	8,232	9,687
	13,186	8,232	9,687	(1,840)
Other comprehensive income	49,124	9,838	36,185	(4,109)
Comprehensive income	14,306	5,862	(10,132)	14,013
Attributable to:				
Non-controlling interests	—	153	—	77
Shareholders	14,306	5,709	(10,132)	13,936
	14,306	5,862	(10,132)	14,013

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Dye & Durham Limited

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity [unaudited]

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

	Note	Number of common shares #	Capital stock \$	Contributed surplus \$	Accumulated other comprehensive income \$	Reserves of a disposal group held for sale \$	Deficit \$	Non-controlling interests \$	Total \$
Balance, June 30, 2021		68,511	845,742	26,213	(729)	—	(120,309)	—	750,917
Issuance of common shares, net of issuance costs	11	127	4,958	—	—	—	—	—	4,958
Dividends paid	11	—	—	—	—	—	(2,576)	—	(2,576)
Stock options exercised	11	396	10,499	(2,360)	—	—	—	—	8,139
Stock-based compensation	11	—	—	10,283	—	—	—	—	10,283
Stock options reclassified as liability		—	—	(622)	—	—	—	—	(622)
Acquisition of a subsidiary		106	5,028	—	—	—	—	2,952	7,980
Comprehensive income for the period		—	—	—	(4,109)	—	18,045	77	14,013
Balance, December 31, 2021		69,140	866,227	33,514	(4,838)	—	(104,840)	3,029	793,092
Balance, June 30, 2022		69,149	866,296	46,684	(32,683)	—	(116,873)	5	763,429
Dividends declared	11	—	—	—	—	—	(1,052)	—	(1,052)
Dividends paid	11	—	—	—	—	—	(1,246)	—	(1,246)
Stock options exercised	11	95	401	(87)	—	—	—	—	314
Stock-based compensation	11	—	—	13,332	—	—	—	—	13,332
Transaction with non-controlling interests		—	—	—	—	—	(90)	(5)	(95)
Shares bought back	11	(13,145)	(168,693)	—	—	—	(30,222)	—	(198,915)
Assets and liabilities held for sale	5	—	—	—	9,483	(9,483)	—	—	—
Comprehensive income for the period		—	—	—	36,185	—	(46,317)	—	(10,132)
Balance, December 31, 2022		56,099	698,004	59,929	12,985	(9,483)	(195,800)	—	565,635

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

Dye & Durham Limited

Condensed Consolidated Interim Statements of Cash Flows
[Expressed in thousands of Canadian dollars] [unaudited]

Six months ended December 31,

	2022	2021
	\$	\$
	<hr/>	<hr/>
Cash flows from operating activities		
Net income/(loss) for the period	(46,317)	18,122
Items not affecting cash		
Amortization, depreciation and impairment	77,389	57,874
Stock-based compensation expense	13,362	12,130
Income tax expense (recovery)	(11,096)	6,725
Finance costs	54,613	9,712
Taxes Paid	(11,810)	(10,866)
Changes in non-cash working capital balances		
Receivables	(2,694)	5,095
Prepaid expenses and other assets	(2,413)	(4,790)
Accounts payable and accrued liabilities	1,964	(21,373)
Customer advances	(3,565)	(339)
Net cash provided by operating activities	<hr/> 69,433	<hr/> 72,290
Cash flows from financing activities		
Net proceeds from issuance of shares	401	4,943
Net proceeds from loans and borrowings	40,000	1,467,606
Proceeds from exercise of stock options	—	8,139
Payments for loans and borrowings	—	(241,957)
Settlements of amended swap	—	(3,076)
Interest paid	(49,488)	(19,665)
Dividend paid	(2,544)	(2,576)
Shares bought back under NCIB and SIB	(196,235)	—
Payments for lease obligations	(2,158)	(2,788)
Net cash provided by (used in) financing activities	<hr/> (210,024)	<hr/> 1,210,626
Cash flows from investing activities		
Acquisition consideration paid, net of cash acquired	(24,886)	(790,703)
Holdbacks and contingent consideration paid	(2,574)	(14,888)
Additions to intangible assets	(10,879)	(12,466)
Purchases of property and equipment	(1,759)	(1,082)
Lease payments received	—	167
Net cash used in investing activities	<hr/> (40,098)	<hr/> (818,972)
Change in cash and cash equivalents	(180,689)	463,944
Cash and cash equivalents, beginning of year	223,619	429,335
Effect of foreign exchange on cash and cash equivalents	1,352	(71)
Less cash grouped in asset for sale	(9,477)	—
Cash and cash equivalents, end of year	<hr/> 34,805	<hr/> 893,208

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Dye & Durham Limited

Notes to condensed consolidated interim financial statements

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

December 31, 2022 and 2021

Unaudited

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 is registered and its head office is located at 25 York Street, Suite 1100, 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”.

2. Basis of preparation

These condensed consolidated interim financial statements [“financial statements”] were prepared in accordance with International Financial Reporting Standards [“IFRS”], as issued by the International Accounting Standards Board [“IASB”] applicable to the preparation of interim financial statements, including International Accounting Standard [“IAS”] 34 – *Interim Financial Reporting*. Accordingly, certain information and note disclosures normally included in the annual consolidated financial statements prepared in accordance with IFRS, as issued by the IASB, have been omitted or condensed. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended June 30, 2022.

These condensed consolidated interim financial statements include the accounts of the Company and the following material subsidiaries as at December 31 and June 30, 2022:

Subsidiary	Country of incorporation	Ownership percentage December 31, 2022	Ownership percentage June 30, 2022
Dye & Durham Corporation	Canada	100%	100%
Dye & Durham (UK) Limited	United Kingdom	100%	100%
R-Squared Bidco Limited	United Kingdom	100%	100%
Dye & Durham Australia Pty Limited	Australia	100%	100%
GlobalX Information Pty Ltd.	Australia	100%	100%
TM Group (UK) Limited	United Kingdom	100%	100%
Dye & Durham Mercury Ltd.	Canada	100%	100%

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on February 13, 2022.

Dye & Durham Limited

Notes to condensed consolidated interim financial statements

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

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3. Significant accounting judgments and estimates

The preparation of these financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and reported amounts of revenue and expenses during the period. These estimates and assumptions are based on historical experience, expectations of the future, and other relevant factors and are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected. Actual results may differ from these estimates. In preparing these financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of uncertainty are the same as those applied and described in the Company's audited annual consolidated financial statements as at and for the fiscal year ended June 30, 2022. Any additional significant judgements and estimates since then are noted below.

Assets held for sale

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense. The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Pursuant to an enforcement order from the Competition and Markets Authority ["CMA"], TM Group ("TMG") was classified as held for sale on December 1, 2022 for the following reasons:

- TMG is available for immediate sale
- The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification
- A program to locate an active buyer has begun
- The Company is required to sell TMG as per an enforcement order from the CMA

Please refer to Note 5 for additional information and details.

Dye & Durham Limited

Notes to condensed consolidated interim financial statements

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4. Changes in accounting policies

New accounting pronouncements or policies adopted

The Company adopted the following new standards and amendments to standards, effective July 1, 2022. These changes did not have a material impact on these condensed consolidated interim financial statements as at and for the three and six months ended December 31, 2022:

- *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]*
- *Fees in the ‘10 per cent’ test for derecognition of financial liabilities – [Amendments to IFRS 9 – Financial Instruments]*
- *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)*

Standards, amendments and interpretations issued as at December 31, 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 condensed consolidated interim financial statements:

- *Definition of Accounting Estimates – [Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors]*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – [Amendments to IAS 12 – Income Taxes]*

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]*

5. Assets and liabilities held for sale

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 Competition and Markets Authority [“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 U.K. 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.

On October 14, 2022, following the completion of the CMA’s review of the TMG, the Company has made an undertaking to the CMA to sell TMG in its entirety. On December 1, 2022, TMG was classified as a disposal group held for sale. Per the requirements of the undertaking, the sale of TMG is expected to be completed before the end of the fiscal year 2023.

The major classes of assets and liabilities of TMG classified as held for sale as at December 31 are, as follows:

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	\$
Assets	
Cash and cash equivalents	9,477
Receivables and prepaid expenses	4,772
Property and equipment, net	635
Right-of-use assets, net	432
Intangible assets, net	67,052
Goodwill	87,515
Assets held for sale	169,883
Liabilities	
Payables and customer advances	(10,623)
Lease liabilities	(325)
Deferred tax liabilities	(15,531)
Liabilities directly associated with assets held for sale	(26,479)
Net assets directly associated with disposal group	143,404
<i>Amounts included in accumulated OCI:</i>	
Cumulative translation adjustments	\$9,483
Reserve of disposal group classified as held for sale:	\$9,483

Recognition of impairment losses and reversals

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense. TMG's fair value was assessed using a comparable multiples approach and is categorized as Level 2 within the fair value hierarchy. The assessment examines the multiple of adjusted earnings-to-fair value of a group of peers and applies that multiple to TMG. The fair value of TMG exceeds its carrying value, and as such, no impairment losses or write-downs have been recognized following the classification of TMG as assets held for sale.

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.

During the six-month period ended December 31, 2022, the Company completed other acquisitions by acquiring all issued and outstanding shares for total consideration of \$25,095.

For the acquisitions made, Management assessed the information obtained and assumptions to be used in estimating the fair value of the intangible assets and deferred taxes.

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

7. Intangible assets

Intangible assets comprise the following:

	Software technologies	Brand and trademarks	Licenses	Customer lists	Total
	\$	\$	\$	\$	\$
Cost					
Balance, June 30, 2021	116,121	36,415	22,072	465,639	640,247
Additions/Transfers	22,637	—	—	—	22,637
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)
Disposals	(10,801)	(409)	(63)	—	(11,273)
Effects of foreign exchange	(6,957)	(1,770)	—	(15,413)	(24,140)
Balance, June 30, 2022	267,978	48,887	22,009	804,418	1,143,292
Additions	10,675	—	—	204	10,879
Acquired through acquisitions	3,924	—	—	12,788	16,712
Adjustments upon finalization of purchase price allocations related to prior year acquisitions	30	105	—	1,664	1,799
Assets held for sale	(22,400)	(6,821)	—	(58,307)	(87,528)
Effects of foreign exchange	3,393	950	—	8,348	12,691
Balance, December 31, 2022	263,600	43,121	22,009	769,115	1,097,845
Accumulated Amortization					
Balance June 30, 2021	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)
Balance June 30, 2022	55,407	9,662	9,100	112,184	186,353
Amortization	28,164	3,734	1,116	39,564	72,578
Impairment loss	915	—	—	—	915
Assets held for sale	(5,492)	(1,933)	—	(13,781)	(21,206)
Effects of foreign exchange	712	202	—	1,749	2,663
Balance December 31, 2022	79,706	11,665	10,216	139,716	241,303
Carrying value					
Balance, June 30, 2022	212,571	39,225	12,909	692,234	956,939
Balance, December 31, 2022	183,894	31,456	11,793	629,399	856,542

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Notes to condensed consolidated interim financial statements

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8. Goodwill

Goodwill consists of the following:

	\$
Balance, June 30, 2021	494,303
Additions	500,815
Adjustments upon finalization of purchase price allocations related to prior year acquisitions	2,559
Effects of foreign exchange	(27,476)
Balance, June 30, 2022	970,201
Additions due to new acquisition	12,295
Adjustments upon finalization of purchase price allocations related to prior year acquisitions	(1,574)
Assets held for sale	(86,562)
Effects of foreign exchange	14,625
Balance, December 31, 2022	908,985

9. Loans and borrowings

Loans and borrowings comprise the following:

	December 31, 2022 \$	June 30, 2022 \$
Current		
Term credit facility [a]	281	15,240
Convertible debentures accrued interest [note 10]	4,338	4,324
	4,619	19,564
Non-current		
Term credit facility [a]	880,580	861,244
Revolving Facility [a]	40,000	—
Total	925,199	880,808

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Credit facilities

[a] Ares Credit Facility

On December 3, 2021, the Company settled the FY2021 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.

The Initial Term Loan, DDTL Facility and the Revolving Facility have a maturity date of December 3, 2027, December 3, 2023 and December 3, 2026, respectively. As at December 31, 2022, nil amount was drawn under the DDTL Facility and \$40,000 under 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 December 31, 2022, the Company was in compliance with its covenants.

The balance outstanding under the Ares Credit Facility as at December 31, 2022 is as follows:

	\$
Balance, June 30, 2022	<u>876,484</u>
Add	
Funds drawn from revolving credit facilities	40,000
Interest and accretion expense	47,395
Less	
Interest paid	<u>(43,018)</u>
Balance, December 31, 2022	<u>920,861</u>
Current	281
Non-current	<u>920,580</u>

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Notes to condensed consolidated interim financial statements

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10. 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 fair value through profit and loss ["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 December 31, 2022 was \$262,200 using a market approach based on underlying share price of \$16.41 per share, resulting in a gain on change in fair value of \$9,488 and \$13,800 for the three and six month periods ended December 31, 2022 [2021 – \$6,851 and \$8,463], respectively.

The change in the Company's own credit risk resulted in a gain on the change in fair value of Convertible Debenture of \$17,940 and \$13,179 for the three and six-month periods ended December 31, 2022 [2021 – \$11,199 and (\$2,474)], respectively, 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 loss on change in fair value of Convertible Debentures of \$8,452 and (\$621) through finance costs [*note 12*] for the three and six month periods ended December 31, 2022 [2021 - \$4,347 and (\$10,937)], respectively.

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December 31, 2022 and 2021

Unaudited

11. Capital stock

Capital stock comprises the following:

[a] Authorized

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

[b] Issued and outstanding

	Common shares	
	#	\$
Balance, June 30, 2021	68,511	845,742
Acquisition consideration [i]	106	5,028
Issuance of common shares, net of issuance costs [ii]	127	4,958
Stock options exercised [iii]	405	10,568
Balance, June 30, 2022	69,149	866,296
Stock options exercised [iv]	95	401
Common shares cancelled under NCIB [v]	(2,800)	(42,477)
Common shares cancelled under SIB [vi]	(10,345)	(126,216)
Balance, December 31, 2022	56,099	698,004

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

[ii] 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.

[iii] 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.

[iv] During the six months ended December 31, 2022, 95 stock option were exercised for cash proceeds of \$401.

[v] During the six months ended December 31, 2022, the Company purchased and cancelled 2,800 shares for a total consideration of \$46,235 as part of a Normal Course Issuer Bid ("NCIB"). The Company recorded a revaluation gain of \$2,708 through finance costs by favorably settling its liability under the NCIB at a lower average share price. The surplus paid over the carrying value of the share issuance was charged to deficit.

[vi] During the six months ended December 31, 2022, the Company purchased and cancelled 10,345 shares for a total consideration of \$150,000 as part of a Substantial Issuer Bid ("SIB"). The surplus paid over the carrying value of the share issuance was charged to deficit.

[c] Dividends

The Company paid \$1,246 of dividends to shareholders during the six months ended December 31, 2022 [2021 – \$2,576] based on a quarterly dividend of \$0.01875 per share.

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12. Finance costs

The Company's finance costs for the three and six month periods ended December 31 are as follows:

	Three months ended December 31,		Six months ended December 31,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Interest and accretion costs	28,926	14,258	54,187	21,261
Change in fair value of convertible debentures [note 10]	8,452	4,347	(621)	(10,937)
Change in fair value of contingent consideration	3,755	(937)	3,755	(4,941)
Revaluation gain on shares bought back	(2,708)	—	(2,708)	—
Change in fair value of derivatives	—	(32)	—	(346)
Realized gain on derivatives	—	(1,861)	—	(1,861)
Loss on settlement of loans and borrowings	—	6,536	—	6,536
	38,425	22,311	54,613	9,712

13. Employee compensation

Total employee compensation comprising salaries and benefits for the three and six months ended December 31, 2022 was \$23,872 and \$55,852, respectively [2021 – \$24,268 and \$51,710].

Employee compensation costs are included in the following expenses:

	Three months ended December 31,		Six months ended December 31,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Technology and operations	13,281	16,036	32,010	31,147
General and administrative	3,781	3,125	10,410	9,060
Sales and marketing	3,217	4,005	7,346	8,275
Other costs ¹	3,593	1,102	6,086	3,228
	23,872	24,268	55,852	51,710

¹ This includes restructuring costs. Refer note 14 for details.

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14. Acquisition, restructuring and other costs

Acquisition, restructuring, and other costs comprise the following:

	Three months ended		Six months ended	
	December 31,		December 31,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Acquisition, listing and reorganization related expenses	11,996	9,286	27,986	19,253
Restructuring	3,593	476	6,086	1,152
	15,589	9,762	34,072	20,405

Acquisition, listing and 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.

15. 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 the three and six-month period ended December 31, 2022 was as follows:

	Three months ended		Six months ended	
	December 31,		December 31,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Salaries and benefits	1,283	1,237	2,605	3,543
Stock-based compensation	6,395	6,868	10,923	8,871
	7,678	8,105	13,528	12,414

As at December 31, 2022, \$120 [June 30, 2022 – \$126] was included in accounts payable and accrued liabilities for consulting fees, bonus, directors' fees and reimbursement of expenses. The amounts due are unsecured, bear no interest and are payable on demand.

16. Contingencies

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 condensed consolidated interim financial statements.

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17. Earnings per share

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

	Three months ended December 31,		Six months ended December 31,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Net income attributable to the shareholders of the Company [basic]	(34,818)	(4,129)	(46,317)	18,045
Interest expense on convertible debentures, net of tax	—	—	—	4,797
Change in fair value of convertible debentures, net of tax	—	—	—	(8,039)
Net income attributable to the shareholders of the Company [diluted]	(34,818)	(4,129)	(46,317)	14,803
Weighted average number of shares for basic EPS	67,022	68,723	68,091	68,680
Effects of dilution from:				
Stock options	—	—	—	2,337
Convertible debentures	—	—	—	4,711
Weighted average number of shares adjusted for the effect of dilution	67,022	68,723	68,091	75,728
Basic EPS	(0.52)	(0.06)	(0.68)	0.26
Diluted EPS	(0.52)	(0.06)	(0.68)	0.20

For the three and six month periods ended December 31, 2022 and the three months ended December 31, 2021 all potentially dilutive options and 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. For the six months ended December 31, 2021, 4,711 options were excluded from the diluted weighted average number of shares calculation as their effect would have been anti-dilutive.

18. Fair value measurement

The fair values of cash and cash equivalents, trade and other 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 convertible debentures and contingent consideration on acquisitions at fair value.

All assets and liabilities for which fair value is measured or disclosed in these condensed consolidated interim 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.

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Contingent consideration on acquisitions is classified as Level 3 financial instruments. Convertible debentures are classified as Level 2 financial instruments. During the three and six month periods ended December 31, 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.

19. 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, U.K. 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 three and six months ended December 31, 2022 and 2021:

	Three months ended		Six months ended	
	2022	2021	2022	2021
	\$	\$	\$	\$
Canada	62,010	57,436	130,946	113,736
U.K and Ireland	27,434	32,844	61,519	69,562
Australia	17,207	19,354	34,353	38,958
	106,651	109,634	226,818	222,256

Property and equipment and intangible assets as at December 31, 2022 and June 30, 2022:

	Canada	U.K and Ireland	Australia	Total
	\$	\$	\$	\$
June 30, 2022				
Property and equipment	1,320	1,014	671	3,005
Intangible assets	716,680	168,241	72,018	956,939
December 31, 2022				
Property and equipment	1,603	1,124	1,242	3,969
Intangible assets	687,103	164,163	71,598	922,864

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20. Subsequent events

Other Acquisitions

During January 2023, the Company completed an acquisition for enhancement of Company's offering.

Normal Course Issuer Bid

To facilitate the remaining 658 shares purchase under the NCIB, the Company recommenced an Automatic Securities Purchase Plan ["ASPP"]. Purchases under the ASPP and block purchases shall be limited to a maximum of 658 shares purchased during the period from January 3, 2023 to February 9, 2023.

The Company purchased 658 shares based on instructions pre blackout period for consideration of \$12,394. These shares have been cancelled under the NCIB on the settlement date i.e. January 31, 2023. The Company intends to fund the purchases from its cash flows from operations.

Dividend declaration

A dividend for the three months ending December 31, 2022, in the amount of \$0.01875 per Common Share, to be paid on or about February 28, 2023, to holders of Common Shares of record as of the close of business on February 21, 2023, be and the same is hereby declared payable.

Loans and Borrowings

During January 2023, the Company has drawn \$62,250 from its DDTL Facility.