

# **Dye & Durham Limited**

**Consolidated financial statements**

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

**For the years ended June 30, 2023 and 2022**

# 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, 2023 and 2022, and the consolidated statements of operations, consolidated statements of comprehensive loss, 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, 2023 and 2022, 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 matter**

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

### *Valuation of intangible assets acquired in business combinations*

The Group completed a number of acquisitions during the year ended June 30, 2023 as disclosed in note 7. The total purchase price for these business combinations was \$173.1 million. The purchase price allocations include intangible assets, such as software technologies and licenses, brands and trademarks and customer lists of \$75.9 million as at the respective acquisition dates.

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.

Auditing the business combinations was complex due to the subjective nature of estimating the fair value of the intangible assets acquired.

To test the Group's estimate of fair value of the intangible assets acquired, we performed the following procedures:

- 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;
- Assessed the competence and objectivity of management's third-party specialist;
- 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
- 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.

## Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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.



## **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 engagement partner on the audit resulting in this independent auditor's report is Stephanie Lamont.

*Ernst + Young LLP*

Toronto, Canada  
September 13, 2023

Chartered Professional Accountants  
Licensed Public Accountants



## Dye & Durham Limited

### Consolidated statements of financial position

[Expressed in thousands of Canadian dollars]

As at June 30,

	Note	2023 \$	2022 <sup>1</sup> \$
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents		36,265	223,619
Trade and other receivables	7,25	77,738	70,365
Prepaid expenses and other assets		10,560	12,080
		<b>124,563</b>	<b>306,064</b>
Assets held for sale	6	114,758	—
		<b>239,321</b>	<b>306,064</b>
<b>Non-current</b>			
Other assets		2,292	4,565
Property and equipment, net	8	5,050	3,005
Right-of-use assets, net	9[a]	11,522	9,668
Intangible assets, net	10	860,739	958,738
Goodwill	11	1,005,356	968,627
<b>Total assets</b>		<b>2,124,280</b>	<b>2,250,667</b>
<b>Liabilities and equity</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	15,20	102,056	117,970
Customer advances		10,536	14,151
Holdbacks and contingent consideration on acquisitions, current	7	16,574	6,166
Lease liabilities, current	9[b]	4,671	3,363
Loans and borrowings, current	12	4,448	19,564
		<b>138,285</b>	<b>161,214</b>
Liabilities directly associated with assets held for sale	6	30,092	—
		<b>168,377</b>	<b>161,214</b>
<b>Non-current</b>			
Holdbacks and contingent consideration on acquisitions	7	43,193	2,770
Lease liabilities	9[b]	9,103	7,118
Loans and borrowings	12	1,063,914	861,244
Other liabilities		3,212	3,018
Deferred tax liabilities	21	147,520	175,874
Convertible debentures	14	266,081	276,000
<b>Total liabilities</b>		<b>1,701,400</b>	<b>1,487,238</b>
Contingencies and commitments	22		
<b>Equity</b>			
Capital stock	15,24	681,206	866,296
Contributed surplus		72,288	46,684
Accumulated other comprehensive income (loss)		2,657	(32,683)
Reserves of a disposal group held for sale	6	(3,078)	—
Deficit		(329,992)	(116,873)
Non-controlling interests		(201)	5
		<b>422,880</b>	<b>763,429</b>
<b>Total liabilities and equity</b>		<b>2,124,280</b>	<b>2,250,667</b>

<sup>1</sup> Refer to note 7

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

On behalf of the Board:

"Signed"  
Director - Ronnie Wahi

"Signed"  
Director - Mario Di Pietro

## 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,

	Note	2023 \$	2022 \$
<b>Revenue</b>	26	<b>451,105</b>	474,808
<b>Expenses</b>			
Direct costs		(51,751)	(57,558)
Technology and operations		(94,571)	(84,292)
General and administrative		(40,612)	(43,683)
Sales and marketing		(20,397)	(22,345)
Stock-based compensation	15,24	(28,767)	(23,962)
Finance costs, net	17	(131,866)	(42,377)
Amortization, depreciation and impairment	8,9,10	(151,129)	(132,932)
Impairment on assets held for sale	6	(66,716)	—
Acquisition, restructuring and other costs	19	(59,146)	(49,572)
<b>Income (loss) before taxes</b>		<b>(193,850)</b>	18,087
Income tax recovery (expense)	21	23,207	(10,246)
<b>Net income (loss) for the year</b>		<b>(170,643)</b>	7,841
<b>Attributable to:</b>			
Non-controlling interests		(4)	176
Shareholders		(170,639)	7,665
		<b>(170,643)</b>	7,841
<b>Net earnings (loss) per common share</b>	16		
Basic		(2.76)	0.11
Diluted		(2.76)	(0.32)
<b>Weighted average number of shares outstanding</b>	16		
Basic		61,930	68,911
Diluted		61,930	75,537

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

Dye & Durham Limited

**Consolidated statements of comprehensive loss**

[Expressed in thousands of Canadian dollars]

Year ended June 30,

	2023	2022
Note	\$	\$
<b>Net income (loss) for the year</b>	<b>(170,643)</b>	7,841
<b>Other comprehensive income (loss)</b>		
Items that may be reclassified to profit or loss in subsequent periods		
Exchange differences on translation of foreign operations	<b>21,853</b>	(43,882)
Realized loss on derivatives designated as cash flow hedge net of income taxes of \$nil and (\$304)	13 —	(1,557)
Net change in fair value of derivatives designated as cash flow hedge, net of income taxes of \$nil and \$12	13 —	746
	<b>21,853</b>	(44,693)
Item 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 \$3,754 and \$4,590	14 <b>10,409</b>	12,739
<b>Other comprehensive income (loss)</b>	<b>32,262</b>	(31,954)
<b>Comprehensive loss for the year</b>	<b>(138,381)</b>	(24,113)
<b>Attributable to:</b>		
Non-controlling interests	(4)	176
Shareholders	<b>(138,377)</b>	(24,289)
	<b>(138,381)</b>	(24,113)

*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]

	Note	Number of common shares #	Capital stock \$	Contributed surplus \$	Accumulated other comprehensive income (loss) \$	Reserves of a disposal group held for sale \$	Deficit \$	Non-controlling interests \$	Total \$
<b>Balance, June 30, 2021</b>		68,511	845,742	26,213	(729)	—	(120,309)	—	750,917
Issuance of common shares, net of issuance costs	15,24	127	4,958	—	—	—	—	—	4,958
Dividends declared		—	—	—	—	—	(1,298)	—	(1,298)
Dividends paid		—	—	—	—	—	(3,870)	—	(3,870)
Stock options exercised	15,24	405	10,568	(2,374)	—	—	—	—	8,194
Stock-based compensation	15,24	—	—	23,467	—	—	—	—	23,467
Stock options reclassified as liability		—	—	(622)	—	—	—	—	(622)
Acquisition of a subsidiary	7,15	106	5,028	—	—	—	—	2,952	7,980
Transaction with non-controlling interest		—	—	—	—	—	939	(3,123)	(2,184)
Comprehensive income (loss) for the year		—	—	—	(31,954)	—	7,665	176	(24,113)
<b>Balance, June 30, 2022</b>		<b>69,149</b>	<b>866,296</b>	<b>46,684</b>	<b>(32,683)</b>	<b>—</b>	<b>(116,873)</b>	<b>5</b>	<b>763,429</b>
<b>Balance, June 30, 2022</b>		<b>69,149</b>	<b>866,296</b>	<b>46,684</b>	<b>(32,683)</b>	<b>—</b>	<b>(116,873)</b>	<b>5</b>	<b>763,429</b>
Dividends declared	15,24	—	—	—	—	—	(1,030)	—	(1,030)
Dividends paid	15,24	—	—	—	—	—	(3,330)	—	(3,330)
Stock options exercised	15,24	487	1,908	(410)	—	—	—	—	1,498
Stock-based compensation	15,24	—	—	26,014	—	—	—	—	26,014
Transaction with non-controlling interests		—	—	—	—	—	(90)	(5)	(95)
Shares bought back	15,24	(14,685)	(186,998)	—	—	—	(38,030)	—	(225,028)
Assets and liabilities held for sale	6	—	—	—	3,078	(3,078)	—	—	—
Acquisition of a subsidiary	7,15	—	—	—	—	—	—	(197)	(197)
Comprehensive income (loss) for the year		—	—	—	32,262	—	(170,639)	(4)	(138,381)
<b>Balance, June 30, 2023</b>		<b>54,951</b>	<b>681,206</b>	<b>72,288</b>	<b>2,657</b>	<b>(3,078)</b>	<b>(329,992)</b>	<b>(201)</b>	<b>422,880</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,

		2023	2022
	Note	\$	\$
<b>Cash flows from operating activities</b>			
Net income (loss) for the year		(170,643)	7,841
Items not affecting cash			
Amortization, depreciation and impairment	8,9,10	151,129	132,932
Impairment on assets held for sale	6	66,716	—
Stock-based compensation expense	15,24	28,767	23,962
Income tax expense (recovery)	21	(23,207)	10,246
Finance costs, net	17	131,866	42,377
Taxes paid		(35,388)	(19,003)
Changes in working capital balances			
Trade and other receivables		(17,131)	(3,785)
Prepaid expenses and other assets		1,946	(3,751)
Accounts payable and accrued liabilities		9,359	(5,840)
Customer advances		(2,017)	458
<b>Net cash provided by operating activities</b>		<b>141,397</b>	<b>185,437</b>
<b>Cash flows from financing activities</b>			
Net proceeds from loans and borrowings	12	235,000	1,467,606
Proceeds from exercise of stock options	15,24	1,498	8,194
Net proceeds from issuance of shares	15,24	—	4,943
Payments for loans and borrowings	12	(56,000)	(856,957)
Settlement of derivative liability	13	—	(3,076)
Interest paid		(112,519)	(74,519)
Dividends paid	15,24	(4,628)	(5,168)
Shares bought back under NCIB and SIB	15,24	(223,630)	—
Payments for lease obligations	9[b]	(4,592)	(5,726)
<b>Net cash provided by (used in) financing activities</b>		<b>(164,871)</b>	<b>535,297</b>
<b>Cash flows from investing activities</b>			
Acquisition consideration paid, net of cash acquired	7	(115,510)	(883,104)
Holdbacks and contingent consideration paid	7	(9,659)	(15,168)
Additions to intangible assets	10	(28,620)	(22,637)
Purchases of property and equipment	8	(4,479)	(1,172)
Transaction with non-controlling interests		—	(2,184)
Lease payments received		—	683
<b>Net cash used in investing activities</b>		<b>(158,268)</b>	<b>(923,582)</b>
Change in cash and cash equivalents		(181,742)	(202,848)
Cash and cash equivalents, beginning of year		223,619	429,335
Effect of foreign exchange on cash and cash equivalents		(496)	(2,868)
Less cash grouped in asset for sale		(5,116)	—
<b>Cash and cash equivalents, end of year</b>		<b>36,265</b>	<b>223,619</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 and as otherwise stated]

As at and for the years ended June 30, 2023 and 2022

#### **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, South Africa, Ireland and the United Kingdom ["UK"]. 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 and its shares began trading on the Toronto Stock Exchange under the symbol "DND".

#### **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.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on September 13, 2023.

#### **Basis of measurement**

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

#### **Basis of consolidation**

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

Subsidiaries are 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.

## Dye & Durham Limited

### Notes to consolidated financial statements

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

As at and for the years ended June 30, 2023 and 2022

These consolidated financial statements include the accounts of the Company and the following material subsidiaries as at June 30, 2023 and June 30, 2022:

<b>Subsidiary</b>	<b>Country of incorporation</b>	<b>Ownership percentage June 30, 2023</b>	<b>Ownership percentage June 30, 2022</b>
Dye & Durham Corporation	Canada	100%	100%
Dye & Durham (UK) 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%

### 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, 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.

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.

## Dye & Durham Limited

### Notes to consolidated financial statements

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

As at and for the years ended June 30, 2023 and 2022

#### 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 as 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 the consolidated statements of comprehensive loss.

When the foreign operations' functional currency is different from presentation currency, the assets and liabilities from foreign operations are translated at the exchange rate as 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 (loss).

#### 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 are 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 straight-line method at the following rates:

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 are derecognized upon disposal [i.e., at the date the recipient obtains control] or when no future economic benefits are expected from their 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 consolidated statements of comprehensive loss when the asset is derecognized. The residual values, useful lives and methods of depreciation of equipment and property are reviewed at each financial year-end and adjusted prospectively, if appropriate.

#### Intangible assets

The Company's intangible assets relate to developed software technology or acquired identifiable intangible assets, such as 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 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

## Dye & Durham Limited

### Notes to consolidated financial statements

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

As at and for the years ended June 30, 2023 and 2022

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 their estimated useful lives. 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 not available for use are not amortized and 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. 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 consolidated statements of comprehensive loss when the asset is derecognized.

#### 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 (recovery). The criteria for held for sale classification are 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 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 consolidated statements of financial position.

## **Dye & Durham Limited**

### **Notes to consolidated financial statements**

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As at and for the years ended June 30, 2023 and 2022

#### **Impairment of non-financial assets**

Property and equipment and finite-lived intangible assets are reviewed for impairment when events or circumstances indicate that the carrying amounts may not be recoverable. Intangible assets with indefinite useful lives 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 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 CGUs]. An impairment loss is measured as the amount by which the asset's, or CGUs', carrying amount exceeds its recoverable amount. Impairment losses are recognized in the consolidated statements of operations and consolidated statements of comprehensive loss.

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"].

## Dye & Durham Limited

### Notes to consolidated financial statements

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As at and for the years ended June 30, 2023 and 2022

#### *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:

- 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 consolidated statements of comprehensive loss when the asset is derecognized, modified or impaired.

The Company measures its financial assets such as cash and cash equivalents, and trade and other receivables at amortized cost.

#### *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 ECLs 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] 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 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



## Dye & Durham Limited

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[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 (loss), unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income (loss) would create or enlarge an accounting mismatch in the consolidated statements of operations and consolidated statements of comprehensive loss. The remaining amount of change in the fair value of the liability is recognized in the consolidated statements of operations and consolidated statements of comprehensive loss. The gain or loss recognized in the consolidated statements of operations and consolidated statements of comprehensive loss 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 the consolidated statements of operations and consolidated statements of comprehensive loss.

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 (loss).

#### 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

## Dye & Durham Limited

### Notes to consolidated financial statements

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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 (loss). The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statements of operations. In addition:

- Amounts accumulated in other comprehensive income (loss) are reclassified to the consolidated statements of operations and consolidated statements of comprehensive loss 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 (loss) remains in other comprehensive income (loss) and is recognized when the forecast transaction is ultimately recognized in the consolidated statements of operations and consolidated statements of comprehensive loss; and
- When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income (loss) is immediately recognized in the consolidated statements of operations and consolidated statements of comprehensive loss.

#### 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 nil.

## **Dye & Durham Limited**

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

#### **Provisions**

Provisions are recognized when the Company has a present obligation [legal or constructive] as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. 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 consolidated statements of comprehensive loss, net of any reimbursement.

#### **Share-based compensation**

The Company grants equity-settled stock options, cash settled share appreciation rights ["SARs"], restricted stock units ["RSUs"] and deferred stock units ["DSUs"] to certain employees and officers of the Company. Stock options and SARs 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 DSUs is measured at the date of grant using the Black-Scholes option pricing model. The number of stock options and SARs 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 SARs and DSUs. 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-premises 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

## Dye & Durham Limited

### Notes to consolidated financial statements

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

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

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

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

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

## **Dye & Durham Limited**

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#### *Software subscription and license revenue*

The majority of software subscription and license revenue are an online cloud-based solutions, 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 consist 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 (recovery) comprises current and deferred taxes. Income tax is recognized in the consolidated statements of operations and comprehensive loss 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 as 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.

## **Dye & Durham Limited**

### **Notes to consolidated financial statements**

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#### **Earnings (loss) per share**

Basic earnings (loss) 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 (loss) per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

#### **4. Significant accounting judgments and estimates**

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, 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 a 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:

##### **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 judgment 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 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.

## **Dye & Durham Limited**

### **Notes to consolidated financial statements**

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#### **Goodwill**

The Company performs asset impairment assessments for 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 goodwill compares the recoverable amount of the CGU or group of CGUs to the carrying amount. The key assumptions used to determine the recoverable amount for the different CGUs or groups of CGUs are disclosed and further explained in note 11.

#### **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 (recovery) and deferred tax involves judgments 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 laws 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 15.

#### **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 judgment is required in establishing fair values. The judgments include consideration

## Dye & Durham Limited

### Notes to consolidated financial statements

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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.

#### Assets held for sale

Pursuant to an enforcement order from the Competition and Markets Authority ["CMA"], TM Group (UK) Limited ["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; and
- The Company is required to sell TMG as per an enforcement order from the CMA.

TMG was not presented as discontinued operations as it does not constitute a major line of business for the Company.

TMG was measured at fair value less costs to sell. Fair value was determined using the terms of the binding sale completed August 3, 2023 and involves using a Monte Carlo approach to assess the fair value of contingent consideration to be received.

Please refer to note 6 for additional information and details.

## 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, 2022. These changes did not have a material impact on the Company's consolidated financial statements for the year ended June 30, 2023:

- *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets)*
- *Reference to the 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 June 30, 2023 but not yet effective

The following new and amended standards and interpretations will become effective next fiscal 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 consolidated financial statements:



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### Notes to consolidated financial statements

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- *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)*
- *Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2*

The Company is in the process of assessing any potential impacts of the following, which will become effective in FY2025:

- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1 – Presentation of Financial Statements)*
- *Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7 – Financial instruments: Disclosure)*

#### 6. Assets and liabilities held for sale

On July 8, 2021, the Company acquired all issued and outstanding shares of TMG for total cash consideration of \$155,404 [£91,500]. 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 concluded that the only effective way to address the issues it has identified would be for the Company to divest the entirety of TMG to a third party.

On July 10, 2023, the Company entered into an agreement to sell TMG to a global active alternative investment firm. As part of the transaction, the Company received \$75,619 [£43,914] in cash at closing, less certain closing costs, with up to \$70,865 [£41,153] in potential additional earn-out payments between 2023 and 2026, for total consideration of up to \$146,483 [£85,067], subject to certain adjustments. The closing occurred on August 3, 2023 and the transaction has received approval from the CMA.

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TMG was classified as a disposal group held for sale on December 1, 2022. The major classes of assets and liabilities of TMG classified as held for sale as at June 30 are as follows:

	2023
	\$
<b>Assets</b>	
Cash and cash equivalents	5,116
Receivables and prepaid expenses	8,667
Property and equipment, net	1,001
Intangible assets, net	68,633
Goodwill	90,030
Other assets	441
<b>Assets held for sale</b>	<u>173,888</u>
<b>Liabilities</b>	
Payables and customer advances	(13,862)
Other liabilities	(204)
Deferred tax liabilities	(16,026)
<b>Liabilities directly associated with assets held for sale</b>	<u>(30,092)</u>
<b>Net assets directly associated with disposal group</b>	<u>143,796</u>
Impairment on assets held for sale	59,130
<b>Post-impairment net assets directly associated with disposal group</b>	<u>84,666</u>
Amounts included in accumulated OCI:	
Cumulative translation adjustments	3,078
<b>Reserve of disposal group classified as held for sale:</b>	<u>3,078</u>

#### Recognition of impairment losses

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 (recovery). The fair value of TMG was assessed at June 30, 2023, as per the binding purchase and sale agreement finalized on August 3, 2023. The terms of the sale and resulting impairment charge are as follows:

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	£	\$
Gross upfront consideration agreed [a]	49,613	85,434
Contingent consideration	41,153	70,865
<b>Total consideration</b>	<b>90,766</b>	<b>156,299</b>
Adjustment for fair value of contingent consideration	(33,703)	(58,037)
<b>Fair value of consideration</b>	<b>57,063</b>	<b>98,262</b>
Selling costs adjusted from purchase price [b]	(5,699)	(9,815)
Additional selling costs to be incurred	(2,197)	(3,782)
<b>Fair value less costs to sell</b>	<b>49,167</b>	<b>84,665</b>
<b>Net upfront consideration received [a] + [b]</b>	<b>43,914</b>	<b>75,619</b>
		\$
Carrying value of TMG		143,796
Fair value of TMG less costs to sell		84,666
<b>Impairment on assets held for sale before adjustments</b>		<b>59,130</b>
Q4 selling costs incurred		7,586
<b>Impairment on assets held for sale</b>		<b>66,716</b>

The fair value of the contingent consideration was assessed using a Monte Carlo simulation and taking the weighted average of the possible outcomes within the parameters of the model. Each year, an earnout is due to the Company based on certain annualized performance metrics of TMG, measured each calendar year from the date of sale until December 31, 2026.

The impairment charge was applied as a reduction to goodwill and recognized as a separate line item in the consolidated statements of operations. Additional selling costs incurred in Q4 were also charged to the impairment on assets held for sale line in the consolidated statements of operations. The fair value of the disposal group is classified as Level 3 under the fair value hierarchy and measured at FVTPL.

## Dye & Durham Limited

### Notes to consolidated financial statements

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

As at and for the years ended June 30, 2023 and 2022

#### 7. 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 consolidated statements of comprehensive loss 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 year ended June 30, 2023, the Company acquired 100% of the shares of five businesses with an aggregated consideration of \$95,188 and acquired the net assets of seventeen businesses for total consideration of \$85,917. These acquisitions were all accounted for as business combinations.

For 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, 2023 and 2022, the allocation of the fair value to the identifiable assets acquired and liabilities assumed as at the date of acquisition was as follows:

	2023		
	Acquisition of Shares \$	Acquisition of net assets \$	Total \$
Cash consideration	78,263	40,892	119,155
Holdbacks	14,898	2,849	17,747
Contingent consideration	—	36,247	36,247
<b>Total purchase price</b>	<b>93,161</b>	<b>79,988</b>	<b>173,149</b>
Cash and cash equivalents	3,630	—	3,630
Trade and other receivables	1,986	689	2,675
Prepaid expenses and other assets	229	—	229
Property and equipment	75	—	75
Software technologies and licenses	8,492	—	8,492
Brands and trademarks	2,024	1,124	3,148
Customer lists	33,253	31,012	64,265
Accounts payable and accrued liabilities	(4,327)	—	(4,327)
Loans and borrowings, current	(55)	—	(55)
Deferred tax liability	(11,157)	(8,034)	(19,191)
Non-controlling interests	197	—	197
<b>Net assets identified</b>	<b>34,347</b>	<b>24,791</b>	<b>59,138</b>
<b>Goodwill</b>	<b>58,814</b>	<b>55,197</b>	<b>114,011</b>

The purchase price allocations of the business combinations completed during the year ended June 30, 2023 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.

## Dye & Durham Limited

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

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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.

	2022				
	GlobalX \$	TM Group \$	TFSB \$	Other \$	Total \$
Consideration paid	159,893	155,404	500,000	95,491	910,788
Holdbacks and 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	82,956	148,783
Brands and trademarks	—	7,192	7,400	321	14,913
Customer lists	30,367	61,475	258,200	5,746	355,788
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)
	<b>44,084</b>	<b>63,211</b>	<b>223,717</b>	<b>87,934</b>	<b>418,946</b>
<b>Goodwill</b>	<b>119,552</b>	<b>92,193</b>	<b>277,675</b>	<b>9,596</b>	<b>499,016</b>

During the year, the Company finalized the open purchase price allocations from the previous year and adjusted the acquisition date fair value of the intangible assets to \$3,881, an increase of \$1,799 over the provisional value [note 10]. The 2022 comparative information was restated to reflect the adjustment to the provisional amounts. As a result, there was an increase in the deferred tax liability of \$225. There was also a corresponding reduction in goodwill of \$1,574 [note 11], resulting in \$499,016 of total goodwill arising on these acquisitions. The increased amortization charge on the intangible assets from the acquisition date to June 30, 2023 was not material.

For the year ended June 30, 2022, the Company completed acquisitions for total consideration of \$917,962 with upfront payments of \$910,788 and fair value of deferred consideration of \$7,174. The purchase price allocations of acquisitions completed during the year ended June 30, 2022 are final.

#### Holdbacks and contingent consideration

Business combinations during the year included holdbacks and contingent consideration of \$59,767, summarized as follows:

[i] Of the twenty-two businesses acquired during fiscal 2023 seventeen were subject to a contingent consideration fair valued at \$37,079 as at June 30, 2023, which is payable within 11 to 18 months of June 30, 2023, subject to the businesses acquired during fiscal 2023 meeting certain performance obligations. The payment is contingent on successful completion of integration activities as well as meeting certain sales targets over a fixed measurement period. As at June 30, 2023, management estimates that the payment is expected to occur in full, however, this is preliminary and contingent on successful completion of performance targets and may only be partially payable, if such targets are not met by some of those acquired businesses.

## Dye & Durham Limited

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

As at and for the years ended June 30, 2023 and 2022

[ii] holdback total \$19,297 payable within 3 to 18 months of June 30, 2023, not subject to any earnout conditions, with a fair value of \$17,240.

Additionally, holdbacks from previous acquisitions of \$5,448 is expected to be paid within the next 12 months.

During the year, changes in certain conditions would have resulted in a change in the fair value of the contingent consideration initially recognized. Excepting the above, these amounts have been settled, with remeasurement charges being recognized as part of finance costs.

The Company's holdbacks and contingent consideration on acquisitions are as follows:

	Holdbacks	Contingent consideration	Total
	\$	\$	\$
<b>Balance, June 30, 2022</b>	<b>8,936</b>	<b>-</b>	<b>8,936</b>
Acquisition of subsidiaries	17,746	36,247	53,993
Amendments during the year	5,319	-	5,319
Change in the fair value	-	862	862
Interest accretion	339	-	339
Payments during the year	(9,659)	-	(9,659)
Effects of foreign exchange	7	(30)	(23)
<b>Balance, June 30, 2023</b>	<b>22,688</b>	<b>37,079</b>	<b>59,767</b>
Current	14,955	1,619	16,574
Non-current	7,733	35,460	43,193

## Dye & Durham Limited

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

As at and for the years ended June 30, 2023 and 2022

#### 8. Property and equipment

	Computer equipment \$	Furniture, equipment and leasehold improvements \$	Total \$
<b>Cost</b>			
<b>Balance, June 30, 2021</b>	3,306	3,822	7,128
Additions	1,086	86	1,172
Disposals	(1,108)	(355)	(1,463)
Acquired through acquisitions	583	529	1,112
Effects of foreign exchange	(307)	(17)	(324)
<b>Balance, June 30, 2022</b>	3,560	4,065	7,625
Additions	1,272	3,207	4,479
Acquired through acquisitions	26	49	75
Assets held for sale	(527)	(739)	(1,266)
Effects of foreign exchange	61	25	86
<b>Balance, June 30, 2023</b>	4,392	6,607	10,999
<b>Accumulated depreciation</b>			
<b>Balance, June 30, 2021</b>	2,347	1,491	3,838
Depreciation	1,158	1,185	2,343
Disposal	(1,070)	(342)	(1,412)
Effects of foreign exchange	(66)	(83)	(149)
<b>Balance, June 30, 2022</b>	2,369	2,251	4,620
Depreciation	903	718	1,621
Assets held for sale	(163)	(137)	(300)
Effects of foreign exchange	3	5	8
<b>Balance, June 30, 2023</b>	3,112	2,837	5,949
<b>Carrying value</b>			
<b>Balance, June 30, 2022</b>	1,191	1,814	3,005
<b>Balance, June 30, 2023</b>	1,280	3,770	5,050

## Dye & Durham Limited

### Notes to consolidated financial statements

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

As at and for the years ended June 30, 2023 and 2022

#### 9. Leases

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

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

	\$
<b>Balance, June 30, 2021</b>	9,360
Additions	2,269
Additions through acquisitions	4,058
Depreciation expense	(4,942)
Derecognition	(458)
Effects of foreign exchange	(619)
<b>Balance, June 30, 2022</b>	<u>9,668</u>
Additions	7,211
Additions through acquisitions	721
Depreciation expense	(4,582)
Derecognition	(1,904)
Effects of foreign exchange	408
<b>Balance, June 30, 2023</b>	<u>11,522</u>

##### [b] Lease liabilities

The Company's outstanding lease liabilities are as follows:

	\$
<b>Balance, June 30, 2021</b>	10,379
Additions	1,525
Additions through acquisitions	3,939
Interest accretion	885
Lease repayments	(5,675)
Effects of foreign exchange	(572)
<b>Balance, June 30, 2022</b>	<u>10,481</u>
Additions	6,912
Additions through acquisitions	714
Interest accretion	170
Lease repayments	(4,592)
Effects of foreign exchange	89
<b>Balance, June 30, 2023</b>	<u>13,774</u>
Current	4,671
Non-current	<u>9,103</u>

Total interest accretion recognized as finance costs in the consolidated statements of operations for the year ended June 30, 2023 was \$170 [2022 – \$885].



## Dye & Durham Limited

### Notes to consolidated financial statements

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

As at and for the years ended June 30, 2023 and 2022

#### 10. Intangible assets

	Software technologies	Brand and trademarks	Licenses	Customer lists	Total
	\$	\$	\$	\$	\$
<b>Cost</b>					
<b>Balance, June 30, 2021</b>	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	(1,745)	(52)	—	1,732	(65)
Disposals	(10,801)	(409)	(63)	—	(11,273)
Effects of foreign exchange	(6,957)	(1,770)	—	(15,413)	(24,140)
<b>Balance, June 30, 2022</b>	268,008	48,992	22,009	806,082	1,145,091
Additions	28,620	—	—	—	28,620
Acquired through acquisitions	8,492	3,148	—	64,265	75,905
Assets held for sale	(22,792)	(6,821)	—	(58,307)	(87,920)
Effects of foreign exchange	2,890	1,194	—	7,072	11,156
<b>Balance, June 30, 2023</b>	285,218	46,513	22,009	819,112	1,172,852
<b>Accumulated amortization</b>					
<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
Amortization	56,128	7,286	2,232	78,206	143,852
Impairment loss	1,074	—	—	—	1,074
Assets held for sale	(6,079)	(1,933)	—	(13,767)	(21,779)
Effects of foreign exchange	1,016	241	—	1,356	2,613
<b>Balance, June 30, 2023</b>	107,546	15,256	11,332	177,979	312,113
<b>Carrying value</b>					
<b>Balance, June 30, 2022</b>	212,601	39,330	12,909	693,898	958,738
<b>Balance, June 30, 2023</b>	177,672	31,257	10,677	641,133	860,739

## Dye & Durham Limited

### Notes to consolidated financial statements

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

As at and for the years ended June 30, 2023 and 2022

#### 11. Goodwill

	\$
<b>Balance, June 30, 2021</b>	494,303
Additions	500,815
Adjustments upon finalization of purchase price allocations related to prior year acquisitions	985
Effects of foreign exchange	(27,476)
<b>Balance, June 30, 2022</b>	968,627
Additions due to new acquisitions	114,011
Assets held for sale	(87,318)
Effects of foreign exchange	10,036
<b>Balance, June 30, 2023</b>	<b>1,005,356</b>

For the purpose of impairment testing, goodwill is tested at the operating segment level, which represents the Company. The Company performs 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 April 1, 2023 and 2022. Reasonable possible changes in key assumptions would not cause the recoverable amount of goodwill to fall below the carrying value.

#### 12. Loans and borrowings

Loans and borrowings as at June 30 comprise the following:

	2023	2022
	\$	\$
<b>Current</b>		
Term credit facility [a]	90	15,240
Convertible debentures accrued interest [note 14]	4,358	4,324
	<b>4,448</b>	19,564
<b>Non-current</b>		
Term credit facility [a]	884,914	861,244
Revolving facility [a]	55,000	—
Delayed draw term loan facility [a]	124,000	—
	<b>1,063,914</b>	861,244
<b>Total</b>	<b>1,068,362</b>	880,808

## Dye & Durham Limited

### Notes to consolidated financial statements

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

As at and for the years ended June 30, 2023 and 2022

#### [a] Ares Credit Facility

On December 3, 2021, the Company settled the FY 2021 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 [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 the settlement of the 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, 2027 and December 3, 2026, respectively. To the extent the Convertible Debentures are outstanding as at September 30, 2025, the Initial Term Loan, DDTL Facility and the Revolving Facility will have an accelerated maturity date of September 30, 2025. As at June 30, 2023, \$126,250 was drawn under the DDTL Facility, incurring financing fees of \$2,250, and \$55,000 was drawn 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 June 30, 2023, the Company was in compliance with its covenants.

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### Notes to consolidated financial statements

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As at and for the years ended June 30, 2023 and 2022

The balance outstanding under the Ares Credit Facility as at June 30, 2023 is as follows:

	\$
<b>Principal balance</b>	1,520,000
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>
Add (less)	
Net funds drawn from revolving credit facilities	<b>55,000</b>
Net funds drawn from delayed draw term loan facilities	<b>124,000</b>
Interest and accretion expense	<b>108,073</b>
Interest paid	<b>(99,553)</b>
<b>Balance, June 30, 2023</b>	<b>1,064,004</b>
Current	<b>90</b>
Non-current	<b>1,063,914</b>

### 13. Derivative liability

In 2020, 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 with 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 (loss) for the effective portion of the hedge, and the ineffective portion was recognized directly through profit or loss as finance costs, net.

In 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 (loss) to profit or loss, resulting in a realized gain on derivative of \$1,861 recognized in finance costs, net and income tax recovery of \$304 for the year ended June 30, 2022.

A reconciliation of the derivative liability is summarized below:

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

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As at and for the years ended June 30, 2023 and 2022

During the year ended June 30, 2023, the Company recognized a gain on the change in fair value of nil for the effective portion of the hedge [2022 – \$758]. The ineffective portion for the year ended June 30, 2023 was gain on change in fair value of nil [2022 – \$346], which was recognized through profit or loss in finance costs, net.

#### 14. 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; 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 has been determined with reference to recently completed over-the-counter-trades of the debentures, with certain adjustments to calculate the fair value of the Convertible Debenture as at June 30, 2023, and was determined to be \$266,081 [2022 – \$276,000], resulting in a gain on the change in fair value for the year ended June 30, 2023 of \$9,919 [2022 – gain of \$74,013].

The change in the Company’s own credit risk resulted in a gain on the change in fair value of Convertible Debentures of \$14,163 for the year ended June 30, 2023 [2022 – \$17,329], which was recognized in other comprehensive income (loss). 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 \$4,244 through finance costs for the year ended June 30, 2023 [2022 – gain of \$56,684]. During the year ended June 30, 2023, the Company paid interest on Convertible Debentures of \$12,966 [2022 – \$13,203].

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

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#### 15. Capital stock

##### [a] Authorized

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

##### [b] Issued and outstanding

	Common shares	
	#	\$
<b>Balance, June 30, 2021</b>	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
<b>Balance, June 30, 2022</b>	69,149	866,296
Stock options exercised [iv]	487	1,908
Common shares cancelled under NCIB [v]	(3,458)	(49,654)
Common shares cancelled under SIB [vi]	(11,227)	(137,344)
<b>Balance, June 30, 2023</b>	<b>54,951</b>	<b>681,206</b>

[i] 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.

[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 year ended June 30, 2023, 487 stock options were exercised for cash proceeds of \$1,498 and the related grant date fair value of the options of \$410 was reclassified from contributed surplus to share capital.

[v] During the year ended June 30, 2023, the Company purchased and cancelled 3,458 shares for a total consideration of \$58,630 as part of a Normal Course Issuer Bid ["NCIB"]. The Company recorded a revaluation gain of \$1,399 through finance costs by favourably settling its liability under the NCIB at a lower average share price. The surplus of \$10,375 paid over the carrying value of the share issuance was charged to deficit.

[vi] During the year ended June 30, 2023, the Company purchased and cancelled 11,227 shares for a total consideration of \$165,000 as part of a Substantial Issuer Bid ["SIB"]. The surplus of \$27,656 paid over the carrying value of the share issuance was charged to deficit.

##### [c] Stock options & RSUs

During the year ended June 30, 2023, the Company granted 170 RSUs [2022 – nil], nil market performance-based stock options [2022 – 4,800], nil non-market performance-based stock options [2022 – 2,100] and 766 service-based stock options [2022 – 1,400] 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. RSUs vest over a two-year period, and employees have the option to delay the redemption of these RSUs up to five years.

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As at and for the years ended June 30, 2023 and 2022

During 2021, 600 stock options granted to the Board of Directors of the Company were not ratified by the shareholders of the Company, resulting in these stock options being accounted for as share SARs. SARs 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 SARs liability account. As at June 30, 2023, the fair value of the share appreciation rights liability was \$2,156 presented as accounts payable and accrued liabilities and other non-current liabilities in the amount of \$1,357 and \$799 [2022 – \$792 and \$314], respectively, in the consolidated statements of financial position. These SARs vest over a three-year period in equal tranches annually.

For the year ended June 30, 2023, the Company recognized an expense of \$28,767 as stock-based compensation expense in the consolidated statements of operations [2022 – \$23,962]. As a result of valuation of performance-based and service-based stock options, for the year ended June 30, 2023, the Company recognized \$26,014 stock-based compensation expense in the consolidated statements of operations [2022 – \$23,467], including \$414 RSUs [2022 – nil].

Changes in the number of stock options during the years ended June 30, 2023 and 2022 were as follows:

	2023		2022	
	Number of options #	Weighted average exercise price \$	Number of options #	Weighted average exercise price \$
<b>Stock options, July 1</b>	<b>13,998</b>	<b>33.35</b>	6,871	27.14
Granted	936	12.82	8,273	38.78
Exercised	(487)	2.96	(406)	20.20
Forfeited	(596)	38.58	(740)	43.65
<b>Stock options, June 30</b>	<b>13,851</b>	<b>32.81</b>	13,998	33.35
<b>Exercisable options, June 30</b>	<b>4,539</b>	<b>24.31</b>	3,618	22.16

A summary of the Company's outstanding stock options as at June 30, 2023 and 2022 are as follows:

Exercise price range in \$	Number outstanding, June 30, 2023	Weighted average remaining contractual life in years	Number outstanding, June 30, 2022	Weighted average remaining contractual life in years
Less than \$19.99	994	3.06	720	1.87
\$20.00–\$29.99	3,888	2.62	3,860	3.59
\$30.00–\$39.99	7,301	3.26	7,301	4.26
\$40.00–\$51.00	1,668	2.85	2,117	3.87
<b>Stock options</b>	<b>13,851</b>	<b>3.02</b>	13,998	3.89

The weighted average share price for the exercised stock options during the year was \$17.22 per share [2022 – \$43.78 per share].

## Dye & Durham Limited

### Notes to consolidated financial statements

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

As at and for the years ended June 30, 2023 and 2022

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:

	<u>2023</u>	<u>2022</u>
Exercise price	\$13.59–\$40.84	\$21.60–\$47.63
Expected dividend yield	0.18%–0.53%	0.16%–0.35%
Risk-free interest rate	2.66%–4.58%	1.0%–3.4%
Expected option life	5 years	5 years
Expected volatility	42.2%–79.6%	43.8%–63.9%
Estimated average forfeiture rate	41%	41%

The expected volatility reflects the assumption that 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 \$4,628 of dividends to shareholders during the year ended June 30, 2023 [2022 – \$5,168] based on a quarterly dividend of \$0.01875 per share. Please refer to note 27 for additional information.



## Dye & Durham Limited

### Notes to consolidated financial statements

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

As at and for the years ended June 30, 2023 and 2022

#### 16. Earnings (loss) per share

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

	2023	2022
	\$	\$
Net income (loss) attributable to the shareholders of the Company [basic]	<b>(170,639)</b>	7,665
Interest expense on Convertible Debentures, net of tax	—	9,548
Change in fair value of Convertible Debentures, net of tax	—	(41,668)
<b>Net loss attributable to the shareholders of the Company [diluted]</b>	<b>(170,639)</b>	<b>(24,455)</b>
Weighted average number of shares for basic EPS	<b>61,930</b>	68,911
Effects of dilution from:		
Stock options under share-based payment	—	1,915
Convertible Debentures	—	4,711
<b>Weighted average number of shares adjusted for the effect of dilution</b>	<b>61,930</b>	<b>75,537</b>
Basic EPS	<b>(2.76)</b>	0.11
Diluted EPS	<b>(2.76)</b>	<b>(0.32)</b>

For the year ended June 30, 2023, 16,773 options and 345 Convertible Debentures 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, 2022, 5,981 options were excluded from the diluted weighted average number of shares calculation as their effect would have been anti-dilutive.

#### 17. Finance costs, net

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

	2023	2022
	\$	\$
Interest and accretion costs, net [i]	<b>122,840</b>	81,328
Change in fair value of convertible debentures [note 14]	<b>4,244</b>	(56,684)
Amedments to holdbacks during the year [note 7]	<b>5,319</b>	—
Change in fair value of contingent consideration [note 7]	<b>862</b>	(4,916)
Revaluation gain on shares bought back	<b>(1,399)</b>	—
Change in fair value of derivatives	—	(346)
Realized gain on derivatives	—	(1,861)
Loss on settlement of loans and borrowings [note 12]	—	24,856
	<b>131,866</b>	<b>42,377</b>

[i] Interest and accretion costs, net for the year ended June 30, 2023 include nil [2022 – \$12,300] of additional interest paid on partial prepayment of the Ares Credit Facility [note 12].

## Dye & Durham Limited

### Notes to consolidated financial statements

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

As at and for the years ended June 30, 2023 and 2022

#### 18. Employee compensation

The Company's employee compensation for the years ended June 30 is as follows:

	2023	2022
	\$	\$
Technology and operations	63,689	63,898
General and administrative	20,679	27,427
Sales and marketing	13,779	16,270
Other costs <sup>1</sup>	9,596	3,292
	<u>107,743</u>	<u>110,887</u>

<sup>1</sup> This includes restructuring costs. Refer to note 19 for additional details.

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

The Company's acquisition, restructuring and other costs for the years ended June 30 are as follows:

	2023	2022
	\$	\$
Acquisition expenses	29,770	26,282
Divestiture, listing and reorganization expenses <sup>1</sup>	19,780	19,998
Restructuring	9,596	3,292
	<u>59,146</u>	<u>49,572</u>

<sup>1</sup> Includes divestiture costs of \$5,255.

Acquisition expenses and divestiture, 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.

#### 20. 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:

	2023	2022
	\$	\$
Salaries and benefits	5,812	5,840
Stock-based compensation	22,001	18,053
	<u>27,813</u>	<u>23,893</u>

As at June 30, 2023, nil [2022 – \$126] 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 and as otherwise stated]

As at and for the years ended June 30, 2023 and 2022

#### 21. Income taxes

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

	2023	2022
	\$	\$
Income (loss) before income taxes	(193,850)	18,087
Statutory income tax rates	26.50%	26.50%
Expected income tax recovery (expense)	51,370	(4,793)
Impairment on assets held for sale	(13,286)	—
Non-deductible items	(10,414)	(5,380)
Deferred tax remeasurement – foreign tax rate differentials	(3,273)	(663)
Adjustment in respect of prior years	(1,195)	—
Other	5	590
<b>Income tax recovery (expense)</b>	<b>23,207</b>	<b>(10,246)</b>
Current tax expense	(14,298)	(53,112)
Deferred tax recovery	37,505	42,866
<b>Income tax recovery (expense)</b>	<b>23,207</b>	<b>(10,246)</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) as at June 30, 2023 and 2022 consist of the following:

	2023	2022
	\$	\$
Non-capital loss carryforwards	48,720	37,898
Finance costs	12,833	18,646
Convertible debenture	(20,913)	(18,285)
Capital assets	(10,055)	(63)
Investment tax credit	518	185
Intangible assets	(199,091)	(215,378)
Trade payables	1,974	1,390
Assets held for sale	16,026	—
Other	2,468	(267)
<b>Net deferred tax liabilities</b>	<b>(147,520)</b>	<b>(175,874)</b>

The Company has non-capital loss carryforwards of approximately \$183,908 [2022 – \$143,011], 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 and as otherwise stated]

As at and for the years ended June 30, 2023 and 2022

#### 22. 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 consolidated financial statements.

The Company is also committed to additional IT-related spending as part of the ordinary course of operations and towards ongoing strategic objectives. A summary of material IT spending to which the Company is committed is as follows:

	Year 1	Year 2	Year 3	Year 4	Year 5 and over	Total
	\$	\$	\$	\$	\$	\$
<b>As at June 30, 2023</b>						
IT committed spend	27,844	9,374	5,678	—	—	42,896
	27,844	9,374	5,678	—	—	42,896

#### 23. Fair value measurement

The fair values of cash and cash equivalents, trade and other receivables, accounts payable and accrued liabilities and customer advances approximate their carrying values due to the immediate or short-term maturity of these financial instruments. The fair value of holdbacks approximate their carrying value as these are due within three to eighteen months. 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 consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted [unadjusted] market prices in active markets for identical assets or liabilities;

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; 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 a Level 3 financial instrument. Convertible Debentures are classified as Level 2 financial instruments. During the years ended June 30, 2023 and 2022, there were no transfers of amounts between levels.

A change in interest or discount rate by 1%, with all other variables held constant, would impact the fair value of contingent consideration by approximately \$500.

## Dye & Durham Limited

### Notes to consolidated financial statements

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

As at and for the years ended June 30, 2023 and 2022

#### 24. 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.

The Company's sources of capital for the years ended June 30 are as follows:

	2023	2022
	\$	\$
Capital stock	681,206	866,296
Loans and borrowings	1,068,362	880,808
Convertible Debentures	266,081	276,000
	<u>2,015,649</u>	<u>2,023,104</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 specific circumstances. The Company is not subject to any externally imposed capital requirements.

#### 25. 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, UK, 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, 2023, excluding trade receivables in the current fiscal year now classified as held for sale, 69% [2022 – 76%] of the Company's trade receivables are current, 14% [2022 – 17%] are between 31 to 90 days past due and 17% [2022 – 7%] are over 90 days past due. As at June 30, 2023, the Company has \$55,545 [2022 – \$55,422] of receivables outstanding and recognized a \$1,685 [2022 – \$1,549] allowance for ECLs in connection with its trade receivables, excluding receivables and related allowances classified as held for sale.

##### 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 bank acceptance rate. In the year 2022, the Company entered into interest rate swaps, in which it agreed to exchange, at specified intervals,

## **Dye & Durham Limited**

### **Notes to consolidated financial statements**

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As at and for the years ended June 30, 2023 and 2022

the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. As at June 30, 2023 and 2022, there are no outstanding interest rate swap agreements. Based on the amount owing as at June 30, 2023, a 1% change in the CDOR rate, with all other variables held constant, would change finance costs, net and income before taxes by \$10,863 on the loans. No interest rate swaps have been entered into in FY 2023.

#### **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 expenses are 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 was entered into in FY 2023 or FY 2022.

As at June 30, 2023, the Company had a net financial liability position denominated in British pounds of \$47,139 [£28,149] [2022 – net liability of \$3,733 [£2,382]]. As at June 30, 2023, the Company had a net financial position denominated in Australian dollars of \$11,760 [A\$13,397] [2022 – net liability of \$4,776 [A\$5,370]]. As at June 30, 2023, the Company had a net financial liability position denominated in US dollars of \$248 [US\$192] [2022 – net asset of 248 [US\$192]]. A 10% change in the exchange rates of significant currencies to which the Company has exposure as at June 30, 2023 would change other comprehensive income before taxes by \$3,544 [2022 – \$826].

#### **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 undiscounted cash flows is as follows:

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As at and for the years ended June 30, 2023 and 2022

	Year 1	Year 2	Year 3	Year 4	Year 5 and over	Total
	\$	\$	\$	\$	\$	\$
<b>As at June 30, 2023</b>						
Accounts payable and accrued liabilities	102,056	—	—	—	—	102,056
Holdbacks and contingent consideration on acquisitions	17,346	49,460	—	—	—	66,806
Customer advances	10,536	—	—	—	—	10,536
Lease liabilities	5,219	4,100	3,493	1,884	623	15,319
Loans and borrowings	126,438	126,438	1,161,360	—	—	1,414,236
Convertible Debentures	12,938	12,938	357,938	—	—	383,814
	<b>274,533</b>	<b>192,936</b>	<b>1,522,791</b>	<b>1,884</b>	<b>623</b>	<b>1,992,767</b>

	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>

## 26. 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 multiple geographic regions, being Canada, UK and Ireland, Australia and other. 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, 2023 and 2022:

	2023	2022
	\$	\$
Canada	255,489	263,411
UK and Ireland	127,215	141,075
Australia	67,543	70,322
Other	858	—
	<b>451,105</b>	<b>474,808</b>

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As at and for the years ended June 30, 2023 and 2022

Property and equipment and intangible assets by geographic region as at June 30, 2023 and 2022:

	Canada \$	UK and Ireland \$	Australia \$	Other \$	Total \$
<b>June 30, 2022</b>					
Property and equipment	1,320	1,014	671	—	3,005
Intangible assets	716,680	170,040	72,018	—	958,738
<b>June 30, 2023</b>					
Property and equipment	2,447	1,665	1,904	—	6,016
Intangible assets	656,970	203,967	65,891	52	926,880

## 27. Subsequent events

### Approval of CMA and sale of TMG

On July 10, 2023, the Company entered into an agreement to sell TMG to a global alternative investment firm. The closing occurred on August 3, 2023 and the transaction has received approval from the CMA.

### Convertible debentures buyback

On July 26, 2023, the Company announced that the Board of Directors has approved the commencement of a SIB [the "Offer"] under which the Company will offer to repurchase for cancellation up to \$52,000 of its issued and outstanding 3.75% Convertible Debentures due March 1, 2026.

The Offer is expected to proceed by way of a modified Dutch auction, which will allow debenture holders who choose to participate in the Offer to select the price within a price range to tender their common Debentures. The Company is making the Offer at between \$500 and \$650 per \$1,000 of Debenture face value. The independent valuator's opinion based on the scope of its review and subject to the restrictions of securities laws [which differ from accounting standards] as of July 21, 2023 provided a value of the Debentures falling within the range of \$645 to \$715 per \$1000 principal amount of Debenture. Upon expiry of the Offer, the Company will determine the lowest purchase price within the range that will allow the Company to purchase the maximum number of Debentures properly tendered to the Offer, having an aggregate purchase price not exceeding \$26,000. Debenture holders who deposit their Debentures will not be entitled to receive accrued and unpaid interest on the Debentures.

The Offer will not be conditional upon any minimum number of Debentures being tendered. The Offer will, however, be subject to other conditions and the Company will reserve the right, subject to applicable laws, to withdraw or amend the Offer, if, at any time prior to the payment of deposited Debentures, certain events occur. The expiry of the Offer has been extended to September 14, 2023.



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### **Notes to consolidated financial statements**

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#### **Normal Course Issuer Bid**

On September 13, 2023, the Company announced that its board of directors approved the NCIB [the "Fiscal 2024 NCIB"] to acquire a portion of its outstanding shares, as appropriate opportunities arise from time to time, for cancellation over the next 12 months.

The Fiscal 2024 NCIB will be made in accordance with the requirements of the Toronto Stock Exchange and applicable securities laws and remains subject to the Toronto Stock Exchange's acceptance of the Company's notice of intention to make a normal course issuer bid.

#### **New acquisition**

During July 2023 and August 2023, the Company completed approximately \$54,806 of other asset and share-based acquisitions for enhancement of the Company's practice management software, search and due diligence, and related services.

#### **Loans and borrowings**

Following year-end, the Company repaid \$84,104 in debt. During the same period, the Company drew \$43,500 from its DDTL to funds acquisitions. The net result is following year-end, the Company reduced its net debt by \$40,604.

#### **Declared dividend**

On September 13, 2023, the Board approved a dividend for the three months ending June 30, 2023, in the amount of \$0.01875 per common share, to be paid on or about September 27, 2023, to holders of common shares of record as of the close of business on September 20, 2023.