Acquire, Integrate & Operate to Drive EBITDA

Management's Discussion and Analysis

For the three months ended September 30, 2022

Dye & Durham

DYE & DURHAM LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

As used in this management's discussion and analysis ("MD&A"), unless the context indicates or requires otherwise, all references to the "Company", "Dye & Durham", "we", "us" or "our" refer to Dye & Durham Limited together with our subsidiaries, on a consolidated basis as constituted on September 30, 2022.

This MD&A for the three months ended September 30, 2022 and 2021 should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and the accompanying notes for the three months ended September 30, 2022 and 2021 ("Financial Statements") as well as with the Company's audited annual consolidated financial statements and the related notes thereto for the year ended June 30, 2022. The financial information presented in this MD&A is derived from the Financial Statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are in thousands of Canadian dollars and thousands of shares, except where otherwise indicated. Due to rounding, certain totals and subtotals may not foot and certain percentages may not reconcile.

Additional information relating to Dye & Durham, including our most recent Annual Information Form ("AIF"), can be found on SEDAR at www.sedar.com.

This MD&A is dated as of November 10, 2022 and was prepared with information available at that date.

Caution Regarding Forward-Looking Information

This MD&A contains forward-looking statements that relate to the Company's current expectations and views of future events. In some cases, these forward-looking statements can be identified by words or phrases such as "forecast", "target", "goal", "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict", or "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to the Company's financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, plans and objectives. Particularly, information regarding the Company's expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information.

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of management's experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect and there can be no assurance that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties and assumptions, readers should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under "Risks and Uncertainties" in this MD&A and "Risk Factors" in the AIF, which factors should not be considered exhaustive and should be read together with the other cautionary statements in this MD&A.

If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking statements prove incorrect, actual results might vary materially from those anticipated in those forward-looking statements.

Although the Company bases these forward-looking statements on assumptions that it believes are reasonable when made, the Company cautions readers that forward-looking statements are not guarantees of future performance and that its actual results of operations, financial condition and liquidity and the development of the industry in which it operates may differ materially from those made in or suggested by the forward-looking statements contained in this MD&A. In addition, even if the Company's results of operations, financial condition and liquidity and the development of the industry in which it operates are consistent with the forward-looking statements contained in this MD&A, those results or developments may not be indicative of results or developments in subsequent periods.

Given these risks and uncertainties, investors are cautioned not to place undue reliance on these forward-looking statements. Any forward-looking statement that is made in this MD&A speaks only as of the date of such statement, and the Company undertakes no obligation to update any forward-looking statements or to publicly announce the results of any revisions to any of those statements to reflect future events or developments, except as required by applicable securities laws. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless specifically expressed as such, and should only be viewed as historical data.

Cautionary Note Regarding Non-IFRS Measures

This MD&A makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. The Company's definitions of non-IFRS measures used in this MD&A may not be the same as the definitions for such measures used by other companies in their reporting. Non-IFRS measures have limitations as analytical tools and should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. The Company uses non-IFRS financial measures, including "EBITDA", "Adjusted EBITDA", "Adjusted EBITDA Margin" and "Basic Adjusted EBITDA per share" to provide investors with supplemental measures of its operating performance and to eliminate items that have less bearing on operating performance or operating conditions and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. Specifically, the Company believes that Adjusted EBITDA and Adjusted EBITDA Margin, when viewed with the Company's results under IFRS and the accompanying reconciliations, provides useful information about the Company's business without regard to potential distortions. By eliminating potential differences in results of operations between periods caused by factors such as depreciation and amortization methods and acquisition, restructuring, impairment and other charges such as acquisition, listing and reorganization related expenses integration expenses, the Company believes that Adjusted EBITDA and Adjusted EBITDA Margin can provide a useful additional basis for comparing the current performance of the underlying operations being evaluated. The Company believes that securities analysts, investors and other interested parties frequently use non-IFRS financial measures in the evaluation of issuers. The Company's management also uses non-IFRS financial measures in order to facilitate operating performance comparisons from period to period.

*"**EBITDA**" means net income (loss) before amortization and depreciation expenses, finance and interest costs including change in fair value of Company's convertible debentures ("Convertible Debentures"), loss on settlement of loans and borrowings, realized loss on derivatives, gains or losses from re-financing transactions and provision for income taxes.*

*"**Adjusted EBITDA**" adjusts EBITDA for stock-based compensation expense, asset impairment charges, specific transaction-related expenses related to acquisition, listing and reorganization related expenses, integration and operational restructuring costs. Operational restructuring costs include the full year impact of cost synergies related to the reduction of employees for acquisitions.*

*"**Adjusted EBITDA Margin**" means Adjusted EBITDA divided by revenue.*

*“**Basic Adjusted EBITDA per share**” means Adjusted EBITDA divided by basic weighted average number of shares outstanding.*

See “Select Information and Reconciliation of Non-IFRS Measures” for a reconciliation of each non-IFRS measure to its most directly comparable IFRS measure.

Business Overview

Dye & Durham is a leading provider of cloud-based software and technology solutions designed to improve efficiency and increase productivity for legal and business professionals. The Company provides critical workflow software and information services, which clients use to manage their process, information and regulatory requirements.

The Company has operations in Canada, Australia, the United Kingdom (“U.K.”) and Ireland and serves a large customer base of over 50,000 legal firms, financial service institutions, and government organizations.

Over the last many years, Dye & Durham has broadened its customer base through accretive acquisitions and has built a software platform that customers use to process transactions.

Dye & Durham is focusing on executing its strategy of building the Company to a billion dollar Adjusted EBITDA business (“Build to a Billion”). Dye & Durham plans to significantly expand the value proposition of its software platform as it unites other key parts of the software ecosystem around its customers, which should open adjacent markets and expand its addressable market. To continue to grow its business and to achieve this goal, the Company has identified the following key strategic priorities:

- Acquire businesses in its ecosystem;
- Focus on necessary technology products that are required to process transactions;
- Provide a single platform that drives efficiency and improvements for customers; and
- Increase adoption with larger customer base.

On March 22, 2021, the Company’s shares were added to the S&P/TSX Composite Index. The S&P/TSX Composite Index is the primary gauge for Canadian-based, Toronto Stock Exchange listed companies. The S&P/TSX Composite Index serves the dual purpose of a benchmark and an investable index. The index is designed to offer the representation of a broad benchmark index while maintaining the liquidity characteristics of narrower indices.

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

Consolidated Highlights

Financial highlights

- Revenue for the three months ended September 30, 2022 was $120.2 million, an increase of $7.5 million or 7%, compared to the three months ended September 30, 2021.
- Net loss was $11.5 million for the three months ended September 30, 2022, a decrease of $33.6 million, compared to the equivalent period in the prior year. This is primarily due to the finance costs on Ares Credit Facility and increase in amortization charge on intangible assets and, acquisition and restructuring costs.

- Adjusted EBITDA for the three months ended September 30, 2022 was $64.4 million, an increase of $2.1 million or 3% compared to the three months ended September 30, 2021.[1]

- Net cash provided by operating activities was $41.0 million for the three months ended September 30, 2022, an increase of 25% compared to the equivalent period in the prior year. The increase in net cash provided by operating activities is primarily due to increase in items not affecting cash.

Other

- Effective September 23, 2022, the Company appointed Mr. Frank Di Liso as Chief Financial Officer. Mr. Di Liso is a seasoned executive with more than 20 years of progressively senior finance experience, including the role of interim Chief Financial Officer at TMX Group Limited, which he held from August 2020 to June 2021. Most recently, he served in the role of VP, Corporate Finance and Administration at TMX Group, leading teams across the company's enterprise performance management, reporting, planning and administration functions.

- On July 8, 2021, the Company acquired all issued and outstanding shares of TM Group [UK] Limited ["TMG" or "TM Group"] for total cash consideration of $155.4 million. On August 27, 2021, the Company received an initial enforcement order from the Competition and Markets Authority ["CMA"] in respect of the Company's acquisition of TMG. On August 3, 2022, the CMA released its final report and concluded that the Company's acquisition of TMG, which closed in July 2021, would lessen competition in the U.K. property search services market. The CMA asserts that the only effective way to address the issues it has identified would be for the Company to sell the entirety of TMG to a third party.

- The Company has announced a normal course issuer bid [the "NCIB"] to acquire up to a maximum of 3,458 of its shares, or approximately 5% of the 69,150 issued and outstanding shares as of September 22, 2022, for cancellation over the next 12 months. Purchases under the NCIB will be made through the facilities of the Toronto Stock Exchange ["TSX"] or through alternative Canadian trading systems and in accordance with applicable regulatory requirements at a price per share equal to the market at the time of acquisition. The number of shares that can be purchased pursuant to the NCIB is subject to a current daily maximum of 63,438 shares only on the TSX [which is equal to 25% of 254 Shares, being the average daily trading volume during the six months ended August 31, 2022], in each case subject to the Company's ability to make block purchases of shares that exceed such limits.

  To facilitate the above-mentioned shares purchase under the NCIB, the Company has established an Automatic Securities Purchase Plan ("ASPP"). Purchases under the ASPP and block purchases shall be limited to a maximum of 2,800 shares purchased during the Company's blackout period, being the period from 11:59 p.m. on September 30, 2022 to November 10, 2022.

  The Company purchased 2,800 shares based on instructions pre black out period for consideration of $46,236. These Shares have been cancelled under the NCIB on the settlement date i.e. October 31, 2022. The Company intends to fund the purchases from its cash flows from operations.

[1] Adjusted EBITDA is not a recognized measure under IFRS. See "Cautionary Note Regarding Non-IFRS Measures" and "Select Information and Reconciliation of Non-IFRS Measures" for a reconciliation of Net Income to Adjusted EBITDA.

- The Company has announced that the board of directors has approved the commencement of a substantial issuer bid [the "Offer"] under which the Company will offer to repurchase for cancellation up to $150 million of its outstanding common shares.

  The Offer is expected to proceed by way of a modified Dutch auction, which will allow shareholders who choose to participate in the Offer to select the price, within a price range to tender their common shares. 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 common shares properly tendered to the Offer, having an aggregate purchase price not exceeding $150 million. The Company expects to announce the terms of the Offer and commence the Offer on November 11, 2022.

  The Offer will not be conditional upon any minimum number of common shares 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 common shares, certain events occur.

- A dividend for the three months ending September 30, 2022, in the amount of $0.01875 per Common Share, to be paid on or about November 23, 2022, to holders of Common Shares of record as of the close of business on November 16, 2022, be and the same is hereby declared payable.

Factors Affecting the Company's Performance

We believe that the growth and future success of our business depends on many factors, including those described below. While each of these factors present significant opportunities for our business, they also pose important challenges, some of which are discussed below and in the "Risk Factors" section of our AIF.

Ability to integrate acquired companies

The Company is of the view that the ability to realize synergies and integrate acquired companies with its existing technology platforms and management teams is critical for the future success of the Company. The Company has successfully acquired and integrated numerous companies over the years and must undertake such integration activities with each new company that it acquires. Our inability to effectively integrate companies we acquire in the future could have adverse effects on our business and results of operations.

Seasonality

A significant portion of the Company's revenue, derived from the real estate market, has experienced, and is expected to continue experiencing moderate seasonality due to seasonal patterns in the real estate market from fluctuations in real estate transaction activity. Typically, the Company's fourth quarter generates higher real estate revenue relative to other quarters.

Foreign currency

The Company's functional and presentation currency is Canadian dollars. The functional currency for our subsidiaries is the local currency of the country in which the foreign operation is located. Our results of operations are converted into our functional currency using the average foreign exchange rates for each period presented. As a result, our results of operations may be adversely impacted by an increase in the value of the Canadian dollar relative to the Pound Sterling, Euro or Australian dollar.

Economic Activity

General economic conditions may affect our results of operations and financial condition. The Company is exposed to market conditions primarily in terms of revenue generation. The Company's revenue is driven by transactions volumes, which have decreased in the current quarter with the rise of inflation and interest rates. Demand for our products also depends in large part upon the level of capital and operating expenditures by many of our customers and their clients. Decreased capital and operational spending could have a material adverse effect on the demand for our products and our business, results of operations, cash flow and overall financial condition. Decreased capital and operational spending or disruptions in the financial markets could be caused by, without limitation, the outbreak of a contagious illness, such as the recent outbreak of COVID-19, acts of war, terrorism and catastrophes. Any of these conditions may reduce the ability of our customers, prospective customers and their clients to commit funds to purchase our products and services, or their ability to pay for our products and services after purchase.

Natural disasters

Natural disasters, such as earthquakes, hurricanes, tornadoes, floods, and other adverse weather and climate conditions; unforeseen public health crises, such as the recent global outbreak of COVID-19 and other pandemics and epidemics; political crises, such as terrorist attacks, war, and other political instability; or other catastrophic events could disrupt our operations, or the operations of our customers or their clients. To the extent any of these events occur, our business and results of operations could be adversely affected.

Select Information and Reconciliation of Non-IFRS Measures

The following table summarizes the Company's recent results of operations for the periods indicated below. This information should be read together with the Financial Statements. See also "Cautionary Note Regarding Non-IFRS Measures".

(In thousands of Canadian dollars)	Three months ended September 30,	
	2022	2021
	$	$
Net income (loss) for the period	**(11,499)**	22,098
Amortization and depreciation	**38,348**	30,960
Finance costs, net	**16,188**	(12,599)
Income tax (recovery) expense	**(2,391)**	7,650
EBITDA(1)	**40,646**	48,109
Stock-based compensation(2)	**5,318**	3,605
Acquisition, restructuring and other costs(3)	**18,483**	10,643
Adjusted EBITDA1	**64,447**	62,357

Notes:

(1) EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin are not recognized measures under IFRS. See "Cautionary Note Regarding Non-IFRS Measures".

(2) Stock-based compensation represents non-cash expenditures recognized in connection with stock options issued to employees and directors and cash settled share appreciation rights issued to directors.

(3) Acquisition, restructuring and other costs relates to professional fees and integration costs incurred in connection with acquisition, listing and reorganization related expenses.

Consolidated Results of Operations

(In thousands of Canadian dollars)	Three months ended September 30,	
	2022	**2021**
	$	$
Revenue	**120,167**	112,622
Expenses		
Direct costs	**(14,023)**	(15,640)
Technology and operations	**(24,831)**	(20,111)
General and administrative	**(11,769)**	(9,186)
Sales and marketing	**(5,097)**	(5,328)
Stock-based compensation	**(5,318)**	(3,605)
Income before the following	**59,129**	58,752
Finance costs, net	**(16,188)**	12,599
Amortization and depreciation	**(38,348)**	(30,960)
Acquisition, restructuring and other costs	**(18,483)**	(10,643)
Income (loss) before taxes	**(13,890)**	29,748
Income tax recovery (expense)	**2,391**	(7,650)
Net income (loss) for the period	**(11,499)**	22,098
Net income (loss) per common share	**(0.17)**	0.32
Net income (loss) per diluted share	**(0.21)**	0.18
Weighted average number of shares outstanding		
Basic	**69,150**	68,637
Diluted	**74,374**	75,971

Discussion of Operations

Factors that caused period-over-period variations in the results set out above include:

Revenue

Revenue for the three months ended September 30, 2022 was $120.2 million, an increase of $7.5 million or 7% compared to the three months ended September 30, 2021. The revenue increase was primarily attributable to: (a) increased revenue related to recent acquisitions that closed in the previous twelve months, (b) organic growth, (c) which was offset by the decrease in revenue primarily due to lower real estate market transactions during the period resulting from seasonality and unfavourable market conditions.

Our revenue % relating to the real estate transactions across all our regions has remained consistent at 68% for the three months period ending September 30, 2022 vs 2021.

	Three months ended September 30,	
	2022	**2021**
	%	**%**
% Revenue Driven by Real Estate Transactions [(1)]	**68%**	68%
% Revenue Driven by Real Estate Transactions in Canada	**43%**	37%

Note:

(1) Excludes TM Group

Expenses

For the three months ended September 30, 2022 and 2021, total expenses were:

(In thousands of Canadian dollars)

	2022	2021
	$	$
Expenses		
Direct costs	**14,023**	15,640
Technology and operations	**24,831**	20,111
General and administrative	**11,769**	9,186
Sales and marketing	**5,097**	5,328
Stock-based compensation	**5,318**	3,605
Finance costs, net	**16,188**	(12,599)
Amortization and depreciation	**38,348**	30,960
Acquisition, restructuring and other costs	**18,483**	10,643
Total	**134,057**	82,874

The changes in expense accounts were primarily due to a combination of the following:

- Direct costs decreased from $15.6 million to $14.0 million or 10% for the three months ended September 30, 2022 compared to the equivalent period in the prior year.

- Technology and operations expenses increased from $20.1 million to $24.8 million or 23% for the three months ended September 30, 2022 compared to the equivalent period in the prior year. The increase was primarily due to additional expenses from acquisitions completed in the previous twelve months, including an amount of $0.7 million relating to managed services set-up costs, partially offset by synergies realized.

- General and administrative expenses increased from $9.2 million to $11.8 million or 28% for the three months ended September 30, 2022 compared to the equivalent period in the prior year. The increase was primarily attributable to the impact of acquisitions completed in the previous twelve months, along with higher salaries and benefits resulting from an increase in personnel required to support the Company's growing operations.

- Stock-based compensation expenses for the three months ended September 30, 2022 was $5.3 million, an increase of $1.7 million compared to the equivalent period in the prior year. The increase is primarily attributable to the increased number of stock options and share appreciation rights granted during the previous twelve months.

- Finance costs increased from $(12.6) million to $16.2 million or 228% for the three months ended September 30, 2022 compared to the equivalent period in the prior year. The increase is due to higher interest and accretion expense of $18.3 million, relating primarily to the Ares Credit Facility, as well as recognition of non-cash gain on change in fair value of Convertible Debentures of only $9.1 million compared to $15.3 million in the same period last year.

- Amortization and depreciation increased from $31.0 million to $38.3 million or 24% for the three months ended September 30, 2022 compared to the equivalent period in the prior year. The increase was primarily due to the amortization of intangible assets and depreciation of right-of-use assets acquired from the acquisitions completed in the previous twelve months.

- Acquisition, restructuring and other costs increased from $10.6 million to $18.5 million or 74% for the three months ended September 30, 2022 compared to the equivalent period in the prior year.

The increase is due to $11.4 million in higher acquisition costs, $1.8 million in higher restructuring costs compared to the same period last year. This was offset by $3 million in privatization costs not incurred in the current period and $1.3 million decline in integration costs.

Net income (loss)

Net income decreased by $33.6 million for the three months ended September 30, 2022 compared to the three months ended September 30, 2021. The decrease in net income was primarily due increase in finance costs, amortization and depreciation, and acquisition, restructuring and other costs. This was partially offset by higher revenue and favorable direct costs.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA for the three months ended September 30, 2022 increased from $62.4 million to $64.4 million or 3% compared to the equivalent period in the prior year. The increase in Adjusted EBITDA was primarily due to an increase in revenue offset partially by higher technology and operation expenses. Adjusted EBITDA Margin for the three months ended September 30, 2022 was 54%, which are within the expected range of 50%-60%.

Adjusted EBITDA and Adjusted EBITDA Margin are not recognized measures under IFRS. See “Cautionary Note Regarding Non-IFRS Measures” and “Select Information and Reconciliation of Non-IFRS Measures” for a reconciliation of Net Income to Adjusted EBITDA.

Summary of Quarterly Results

The following table sets out select unaudited quarterly results for the past eight quarters, prepared in accordance with IFRS. The Company's real estate conveyancing business product line experiences moderate seasonality, primarily because land titles revenue fluctuates with real estate transaction activity in Canada. Typically, the Company's fourth quarter generates higher revenue than other quarters. The Company's business law solutions product line does not experience seasonality. Quarterly fluctuations in the results set out in the table below are attributed to transaction expenses among other factors.

Quarterly Results

(In thousands of Canadian dollars, except per share data)	Q1 2023 $	Q4 2022 $	Q3 2022 $	Q2 2022 $
Revenue......	120,167	129,672	122,880	109,634
Net income (loss)	(11,499)	(3,255)	(7,026)	(3,976)
EBITDA(1)......	40,646	52,311	48,652	44,324
Adjusted EBITDA(1)......	64,447	75,172	66,790	62,611
Adjusted EBITDA Margin(1) **(% of revenue)**	54%	58%	54%	57%
Net income (loss) per common share.........	(0.17)	(0.05)	(0.10)	(0.06)
Net income (loss) per diluted share..........	(0.21)	(0.05)	(0.45)	(0.06)
Basic Adjusted EBITDA per share(1)	0.93	1.09	0.97	0.91
% Revenue Driven by Real Estate Transactions (2) (3)	68%	69%	67%	67%
% Revenue Driven by Real Estate Transactions in Canada(2)	43%	46%	43%	38%

Note:

(1) EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin and Basic Adjusted EBITDA per share are not recognized measures under IFRS. See "Cautionary Note Regarding Non-IFRS Financial Measures".
(2) Excludes TM Group
(3) Represents % of revenue exposed to real estate transactions globally

Quarterly Results

(In thousands of Canadian dollars, except per share data)	Q1 2022 $	Q4 2021 $	Q3 2021 $	Q2 2021 $
Revenue......	112,622	84,395	68,926	33,723
Net income (loss)	22.098	6,309	(10,642)	(21,524)
EBITDA(1)	48,109	36,680	29,599	(9,029)
Adjusted EBITDA(1)......	62,357	49,143	37,604	17.080
Adjusted EBITDA Margin(1) **(% of revenue)**	55%	58%	55%	51%
Net income (loss) per common share….......	0.32	0.09	(0.16)	(0.41)
Net income (loss) per diluted share..........	0.18	0.09	(0.16)	(0.41)
Basic Adjusted EBITDA per share(1)	0.91	0.72	0.57	0.33
% Revenue Driven by Real Estate Transactions (2) (3)	68%	71%	67%	40%
% Revenue Driven by Real Estate Transactions in Canada (2)	37%	39%	34%	14%

Note:

(1) EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin and Basic Adjusted EBITDA per share are not recognized measures under IFRS. See "Cautionary Note Regarding Non-IFRS Financial Measures".
(2) Excludes TM Group
(3) Represents % of revenue exposed to real estate transactions globally.

Revenue

Our total quarterly revenue increased sequentially for all periods presented, except for Q1 2023 and Q2 2022. The decrease in Q1 2023 revenue is primarily due to lower real estate market transactions during the period resulting from seasonality and unfavourable market conditions.

Expenses

Total expenses increased sequentially for each period presented to support the increase in revenue in all the periods presented, except for Q1 2023 and Q2 2022. The quarter-over-quarter variance in total expenses is primarily due to higher amortization expense from intangible assets acquired, the expenses incurred for acquisitions and restructuring costs, and additional finance costs in the periods of re-financing. In addition, there was a decrease in finance cost in Q4 2022, Q3 2022 and Q1 2022 due to the gain of $7.3 million, $38.4 million and $15.3 million, respectively, resulting from change in fair value of Convertible Debentures. In Q2 2021, there was a significant increase in expenses due to recognition of $20.3 million stock-based compensation expense primarily related to market performance-based stock options. Total expenses will continue to fluctuate based on the timing of acquisitions and financing-related activities.

Financial Condition

(In thousands of Canadian dollars)		As at
	September 30, 2022	June 30, 2022
	$	$
Cash and cash equivalents	229,496	223,619
Total assets	2,222,940	2,250,442
Total liabilities	1,479,137	1,487,013

Cash and cash equivalents increased from June 30, 2022 to September 30, 2022 as a result of net cash provided by operating activities of $41.0 million, partially offset by net cash used in financing activities primarily related to $19.3 million interest paid on Ares Credit Facility and $6.5 million interest paid on convertible debenture and, $7.8 million net cash used in investing activities, mainly attributable to the additions to the intangible assets on software development.

Total assets decreased from June 30, 2022 to September 30, 2022 primarily as a result of amortization of intangible assets, collection of receivables and revaluation of foreign currency-denominated receivables, goodwill and intangibles.

Total liabilities decreased from June 30, 2022 to September 30, 2022 primarily as a result of the decrease in the fair value of the Convertible Debentures, decrease in deferred tax liabilities and revaluation of foreign currency-denominated payables and deferred tax liabilities.

Liquidity and Capital Resources

The Company manages its capital structure based on the funds available in order to support the continuation and expansion of its operations and to maintain a flexible capital structure, which optimizes the cost of capital at an acceptable risk. The Company defines capital to include share capital, the stock option component of its shareholders' equity as well as its borrowings. The Company intends to rely on positive cash flows from operations and, if required, additional financings to achieve its growth strategies.

Cash Flows

The primary source of cash flow is from operations and from financing activities for acquisitions. The Company's approach to liquidity is to always have sufficient liquidity to meet its liabilities as they come due. This is achieved by continuously monitoring cash flows and reviewing actual operating expenditures and revenue to budget.

(In thousands of Canadian dollars)	**Three months ended September 30,**	
	2022	**2021**
	$	**$**
Net cash provided by operating activities	**41,030**	**32,877**
Net cash used in financing activities	**(26,748)**	**(13,823)**
Net cash used in investing activities	**(7,757)**	**(313,156)**
Change in cash during the period	**6,525**	**(294,102)**
Cash and cash equivalents, beginning of period	**223,619**	**429,335**
Effect of foreign exchange on cash	**(648)**	**(194)**
Cash and cash equivalents, end of period	**229,496**	**135,039**

Cash flows provided by operating activities was $41.0 million for the three months ended September 30, 2022 compared to $32.9 million for the three months ended September 30, 2021. The increase in cash flows from operating activities was primarily due to increase in non-cash working capital balances by $11.5 million during the three months ended September 30, 2022 compared to three months ended September 30, 2021.

Net cash used in financing activities for the three months ended September 30, 2022 was $26.7 million, primarily due to interest payment on loans and borrowings. In comparison, net cash used in financing activities was $13.8 million for the three months ended September 30, 2021, primarily due to interest payment on Ares Credit Facility and Convertible Debenture.

Net cash flows used in investing activities for the three months ended September 30, 2022 was $7.8 million compared to $313.2 million for the three months ended September 30, 2021. The decrease in cash outflows from investing activities of $305.4 million was primarily due to a decrease in acquisition, holdback and contingent consideration paid.

Capital Expenditures

Capital expenditures for the three months ended September 30, 2022 were $6.2 million compared to $5.9 million for the three months ended September 30, 2021. Capital expenditures primarily represent our continued investment to enhance and further develop our existing platforms and purchase of software.

Credit Facilities

FY2021 Credit Facility

On December 10, 2020, the Company settled its then-existing credit facility and replaced it with the current credit facility ["FY2021 Credit Facility"]. The aggregate amount committed under the FY2021 Credit Facility is $570.0 million comprising of [i] a $140.0 million revolving loan facility, [ii] a $305.0 million term loan facility ["Term A Credit Facility"] and [iii] a $125.0 million term loan facility ["Term B Credit Facility"].

The Company received total gross cash proceeds of $375.7 million under the FY2021 Credit Facility. The FY2021 Credit Facility bears an interest rate based on a grid system at the lower of: (a) BA rate and (b) the prime rate of interest payable monthly. The Term A Credit Facility matures on September 25, 2024, with fixed quarterly principal repayments of $3.8 million in the years 2021 and 2022 and $5.7 million thereafter until maturity. The Term B Credit Facility matures on July 31, 2022.

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

In December 2021, the Company terminated and fully repaid all outstanding balances under the FY2021 Credit Facility in the amount of $238.9 million. As a result, the remaining unamortized portion of loan fees of $6.5 million was expensed immediately as finance cost in the condensed consolidated interim statements of operations.

Ares Credit Facility

On December 3, 2021, the Company settled the FY2021 Amended Credit Facility and replaced it with a new credit facility ("Ares Credit Facility"). The aggregate amount committed under the Ares Credit Facility is $1,795 million comprising of (i) a $1,520 million initial term loan facility ("Initial Term Loan"), (ii) a $200 million delayed draw term loan facility ("DDTL Facility") and (iii) a $75 million 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 million from the Initial Term Loan and incurred financing fees of $52.4 million. The Ares Credit Facility bears an interest rate based on a grid system at the lower of (i) the 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. The Initial Term Loan and DDTL Facility have a maturity date of December 3, 2027, and the Revolving Facility has a maturity date of December 3, 2026.

On February 16, 2022, the Company made a partial repayment of $615.0 million on the Initial Term Loan. As a result, the Company recorded a loss on settlement of loan from its proportionate unamortized portion of issuance costs of $18.3 million.

As at September 30, 2022, nil amount was drawn under the DDTL Facility and the Revolving Facility. The Ares Credit Facility is classified as a financial liability at amortized cost and is accounted for using the effective interest rate method.

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

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

(In thousands of Canadian dollars)

	$
Balance, June 30, 2022	**876,484**
Less	
Interest and accretion expense	**21,279**
Interest paid	**(19,263)**
Balance, September 30, 2022	**878,500**
Current	—
Non-current	**878,500**

Use of Proceeds

The Company's use of proceeds from the IPO and the offerings completed under the Base Shelf Prospectus has not changed from the disclosure set forth in the "Use of Proceeds" section in the respective documents to the date of this MD&A.

Off-Balance Sheet Arrangements

The Company has not entered into off-balance sheet financing arrangements. Except for short-term leases and leases of low-value assets not recognized as right of use assets under IFRS 16 – Leases, all of our liabilities and commitments are reflected in our statement of financial position. From time to time, we may be contingently liable with respect to litigation and claims that arise in the normal course of operations.

Related Party Transactions

The Company defines key management personnel as being the Company's Board of Directors, Chief Executive Officer and the executive leadership team. The remuneration of key management personnel during the periods ended September 30, 2022 and 2021 was as follows:

	Three months ended September 30,	
(In thousands of Canadian dollars)	**2022**	**2021**
	$	**$**
Salaries and benefits	**3,660**	2,306
Stock-based compensation	**4,604**	2003
Total	**8,264**	4,309

Financial Instruments and Other Instruments

In February 2021, the Company issued $345.0 million of Convertible Debentures bearing interest at a rate of 3.75% per annum payable semi-annually. The Convertible Debentures are convertible into Shares of the Company at a conversion price of $73.23 per Share. 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 in accordance with the terms of the Convertible Debentures. 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. The fair value of the Convertible Debentures is classified as Level 2 in the fair value hierarchy. The fair value of the Convertible Debentures as at September 30, 2022 was $271.7 million, using a market approach based on underlying share price of $17.02 per share, resulting in a gain on change in fair value of $4.3 million.

Critical Accounting 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 corresponding impact on net income.

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

COVID-19

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

Business Combinations

In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant areas of judgement and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. In the event any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, the Company determines the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and the discount rate applied. The estimate of fair value of customer 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. Changes in these assumptions could result in a change to the net assets acquired as part of the business combination.

Goodwill and Indefinite-Lived Intangible Assets

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

Goodwill is allocated to a cash generating unit ("CGU") or group of CGUs for the purposes of impairment testing based on the level at which senior management monitors it, which is not larger than an operating segment. The testing for impairment of either an intangible asset or goodwill compares the recoverable amount of the asset, CGU or group of CGUs to the carrying amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets, in which case the asset is assessed as part of the CGU or group of CGUs to which it belongs. Changes in certain assumptions could result in an impairment loss being charged in future periods.

Impairment of Long-Lived Assets

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

Income Taxes

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

Fair Value of Stock-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.

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 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.

Risks and Uncertainties

In addition to the risks identified in this section and elsewhere in this MD&A, a number of factors that could cause actual results to vary significantly from the results discussed herein are noted in the AIF available on SEDAR at www.sedar.com. The occurrence of any of such risks, or other risks not presently known to Dye & Durham or that Dye & Durham currently believes are immaterial, could materially and adversely affect the Company's investments, prospects, cash flows, results of operations or financial condition.

COVID-19

COVID-19 has had, and continues to have, a material adverse impact on a global scale as governmental authorities in Canada and internationally continue to take measures in response to the pandemic. While the impact of COVID-19 on the Company has been minimal to date, there is uncertainty around its duration and future business conditions. If the outbreak were to cause disruption to the Company's service capabilities in the future, it would have a negative impact on revenue, which could be material. In addition, any material negative impact on revenue would impact profitability, as well as liquidity and capital resources.

Credit Risk

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk for the credit facility for which the interest rate is adjusted with future fluctuations in CDOR, eurocurrency rate or prime rate or BA rate. To manage this, the Company periodically enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. As at September 30, 2022, there is no outstanding interest rate swap agreements. Based on the amount owing as at September 30, 2022, a 1% change in the CDOR rate, with all other variables held constant, would change finance costs and income before taxes by $2.3 million on the loans.

Market Risk

The Company is exposed to market risk primarily in terms of revenue generation. The Company's revenue is driven by transaction volumes, which have increased with the growth and strength of the Canadian economy. The Company monitors the market conditions in an effort to capture fluctuations that may affect the ongoing revenue. That said, historically the Company's business model has proven to be resilient in market downturns.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's cash resources are managed based on financial forecasts and anticipated cash flows. Contractual maturities such as loans and borrowings, the Convertible Debentures, trade and other payables, accrued liabilities, customer advances, lease liabilities and contingent consideration are exposed to liquidity risk.

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's net investments in foreign subsidiaries. If deemed necessary, the Company may, from time to time, enter into foreign currency derivative contracts to reduce its exposure to foreign currency risk. No foreign currency derivative contract has been entered into for the three months ended September 30, 2022.

As at September 30, 2022, the Company had a net financial liability position denominated in British pounds of $22.5 million [£14.7 million] [June 30, 2022 – net liability of $3.7 million [£2.4 million]]. As at September 30, 2022, the Company had a net financial liability position denominated in Australian dollars of $3.7 million [A$4.1 million] [June 30, 2022 – net liability of $4.8 million [A$5.4 million]. A 10% change in the exchange rates of significant currencies to which the Company has exposure as at September 30, 2022 would change income before taxes by $2.6 million [June 30, 2022 – $0.8 million].

Ability to Integrate Acquired Companies

The Company is of the view that the ability to realize synergies and integrate acquired companies with its existing technology platforms and management teams is critical for the future success of the Company.

The Company has successfully acquired and integrated numerous companies over the years and must undertake such integration activities with each new company that it acquires. Our inability to effectively integrate companies we acquire in the future could have adverse effect on our business and the results of operations.

Revenue

Dye & Durham earns the majority of its revenue on a highly reoccurring transactional-fee basis as clients perform various automated transactions including automated workflows, public record due diligence searches, associated document preparation, or electronic public records filings through the Company's cloud-based platforms. If transaction volumes decrease, the Company may be impacted, and revenue may therefore be adversely impacted.

Contingencies

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

Outstanding Share Information

The Company is currently authorized to issue an unlimited number of shares. As of the date of this MD&A, 66.4 million shares, 14.1 million stock options and 0.5 million share appreciation rights are issued and outstanding.

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have designed or caused to be designed under their supervision, disclosure controls and procedures, which provide reasonable assurance that material information regarding the Company is accumulated and communicated to the Company's management, including its CEO and CFO, in a timely manner.

In addition, the CEO and CFO have designed or caused to be designed under their supervision internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements. The CEO and CFO have been advised that the control framework used to design the Company's ICFR uses the framework and criteria established in the Internal Control-Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission.

The CEO and the CFO have evaluated, or caused to be evaluated under their supervision, whether or not there were changes to its ICFR during the period ended September 30, 2022 that have materially affected or are reasonably likely to materially affect the Company's ICFR. No such changes were identified through their evaluation.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluations of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, our disclosure controls and procedures and our ICFR are effective in providing reasonable, not absolute, assurance that the objectives of our control systems have been met.

Limitation on Scope of Design

The scope of design of internal controls over financial reporting and disclosure controls and procedures excluded the controls, policies, and procedures of TELUS Financial Solutions Business ("TFSB"), which was acquired on December 6, 2021, and TM Group, which was acquired on July 8, 2021.

TFSB's contribution to our condensed consolidated interim statements of operations for the three months ended September 30, 2022, excluding the amortization of intangible assets, was less than 13% total revenue. Additionally, as at September 30, 2022, TFSB's current assets and current liabilities were below 14% of consolidated current assets and current liabilities, and its non-current assets and non-current liabilities were below 1% of consolidated non-current assets and non-current liabilities, respectively.

TM Group's contribution to our condensed consolidated interim statements of operations for the three months ended September 30, 2022, excluding the amortization of intangible assets, was less than 14% of total revenues. Additionally, as at September 30, 2022, TM Group's current assets and current liabilities were below 7% of consolidated current assets and current liabilities, and its non-current assets and non-current liabilities were below 1% of consolidated non-current assets and non-current liabilities, respectively.

The amounts recognized for the assets acquired and liabilities assumed at the date of acquisition for TFSB and TM Group are described in note 6 of the Company's audited annual consolidated financial statements for the fiscal year ended June 30, 2022.