MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED JUNE 30, 2023 AND FISCAL 2023

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 June 30, 2023.

This MD&A for the three months ended June 30, 2023 and 2022 and the years ended June 30, 2023 ["Fiscal 2023"] and 2022 ["Fiscal 2022"] should be read in conjunction with the Company's audited annual consolidated financial statements and the accompanying notes for the years ended June 30, 2023 and 2022 ["Financial Statements"]. 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 September 13, 2023 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, including with respect to the Company's financial outlook and business strategy. 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 substantial issuer bid, normal course issuer bid, 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. The forward-looking information are based on management's opinions, estimates and assumptions, including, but not limited to: (i) Dye & Durham's results of operations will continue as expected, (ii) the Company will continue to effectively execute against its key strategic growth priorities, (iii) the Company will continue to retain and grow its existing customer base and market share, (iv) the Company will be able to take advantage of future prospects and opportunities, and realize on synergies, including with respect of acquisitions, (v) there will be no changes in legislative or regulatory matters that negatively impact the Company's business, (vi) current tax laws will remain in effect and will not be materially changed, (vii) economic conditions will remain relatively stable throughout the period, (vii) the industries Dye & Durham operates in will continue to grow consistent with past experience, (ix) the seasonal trends in real estate transaction volume will continue as expected, and (x) the Company's expectations for increases to the average rate per user on its platforms, contractual revenues, and incremental earnings from its latest asset-based acquisition will be met. While these opinions, estimates and assumptions are considered by Dye & Durham to be appropriate and reasonable in the circumstances as of the date of this MD&A, they are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, levels of activity, performance, or achievements to be materially different from those expressed or implied by such 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. Such risks and uncertainties include, without limitation: that the Company will be unable to effectively execute against its key strategic growth priorities, including in respect of acquisitions; the Company will be unable to continue to retain and grow its existing customer base and market share; risks related to the Company's business and financial position; that Dye & Durham may not be able to accurately predict its rate of growth and profitability; risks related to economic and political uncertainty; income tax related risks; and those risk factors discussed in greater detail under the "Risk Factors" section of the Company's most recent annual information form. Many of these risks are beyond the Company's control. 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 has attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to the Company or that the Company presently believes are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information.

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.

There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. No forward-looking statement is a guarantee of future results. 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. All of the forward-looking information contained in this MD&A is expressly qualified by the foregoing cautionary statements.

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", "Adjusted Net Income", "Basic Adjusted Net Income per share", "Diluted Adjusted Net Income per share" and "Operating expenses" 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, Adjusted EBITDA Margin, Adjusted Net Income, Basic Adjusted Net Income per share, Diluted Adjusted Net Income per share and Operating Expenses, 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 and integration expenses, the Company believes that EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, Basic Adjusted Net Income per share, Diluted Adjusted Net Income per share and Operating Expenses 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 are incurred as a direct or indirect result of acquisition activities. Operational restructuring costs include the full period impact of cost synergies related to the reduction of employees for acquisitions.*

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

***"Adjusted Net Income"** adjusts net income (loss) to exclude the effects of amortization of acquired intangible assets, share-based compensation, change in fair value and gains and losses relating to financing, changes in statutory tax rates on deferred tax assets and liabilities, specific transaction-related expenses related to acquisition, listing and reorganization related expenses, integration and operational restructuring costs. Operational restructuring costs are incurred as a direct or indirect result of acquisition activities. All of these adjustments are net of tax and any tax benefits/expense items unrelated to current period income.*

*"**Basic Adjusted Net Income per share**" means Adjusted Net Income divided by the basic weighted average number of shares outstanding.*

*"**Diluted Adjusted Net Income per share**" means Adjusted Net Income divided by the diluted weighted average number of shares outstanding.*

***"Operating expenses"** means the sum of direct costs, technology and operations, general and administrative, and sales and marketing expenses.*

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

Consolidated Highlights

Dye & Durham provides premier practice management solutions empowering legal professionals every day to effortlessly run their practice. The Company also seamlessly delivers to legal professionals vital data insights to support risk management decision making for corporate transactions, property transactions, and enables essential payments infrastructure trusted by government and financial institutions.

Dye & Durham is one of the world's largest providers of cloud-based legal practice management software designed to make managing a law firm, organizing cases, and collaborating with clients easy. The Company also provides mission critical systems that help our clients manage risk through access to proprietary sources of non-discretionary data needed for transactions. The Company also operates an infrastructure-like payments business which serves financial institutions across Canada and Australia, providing critical technology and products which support essential front-end (i.e., customer facing) and back-end uses, including payments, information services and property settlements, and core banking infrastructure.

The Company's mission is to make its customers more efficient and productive, enabling them to achieve more growth with less effort. Today, the Company's clients count on its software products as essential to successfully completing a wide variety of transactions in the markets in which they operate.

Dye & Durham's business is structured into three core product lines:

- **Legal Practice Management:** The Company's market-leading practice management software lets legal professionals execute transactions with reliability, security and ease. The Company's software is purpose-built to connect all parties in any transaction, and to empower lawyers and their teams to get more done in less time, driving productivity and enabling them to grow and manage their practice.

- **Data Insights & Due Diligence:** The Company connects a global network of professionals with critical information through a mix of public records and proprietary data to create legal due diligence reports that enable users to make informed decisions with confidence. We enable the simplified and secure production and management of corporate records, offer real-time access to official public records in a single location, deliver land and property reports as part of conveyancing matters and give legal professionals the tools they need to create and register new companies, ensuring efficiency and compliance for their clients.

- **Payments Infrastructure:** The Company's payments infrastructure technology facilitates bill and tax payments, enables digital mortgage processing, as well as an integrated information search and managed banking services. Its customers include many of the largest financial institutions in Canada and Australia.

Dye & Durham believes that by providing leading edge proprietary technology coupled with exceptional client service, it can make what are often time-consuming legal processes, mainly dealt with by support staff in law firms or administrative staff in large financial service institutions, easier to manage and more efficient. This frees up the Company's customers' capacity to focus on higher-value, higher-margin work and the growth of their business.

The Company has approximately 1,400 employees and more than 60,000 customers around the world, with operations in Canada, the United Kingdom, Ireland and Australia, and more recently, South Africa. The Company's strong and diversified base of blue-chip customers includes some of the world's best known law firms, financial service institutions, and government organizations, as well as sole-practitioner law firms and small businesses.
Dye & Durham anticipates that by growing its business organically and through M&A over the long term, it will be successful in building the company to a billion dollars of adjusted EBITDA ["Build to a Billion"].

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.

Financial highlights

- Revenue for the three months ended June 30, 2023 was $120.2 million, a decrease of $9.5 million or 7%, compared to the three months ended June 30, 2022. For Fiscal 2023 and Fiscal 2022, revenue was $451.1 million and $474.8 million, respectively, a decrease of $23.7 million or 5%.

- Net loss was $89.2 million and $170.6 million for the three months ended June 30, 2023 and Fiscal 2023, respectively, a decrease of $85.9 million and $178.5 million, respectively, compared to the equivalent periods in the prior year. This is driven primarily by a fourth quarter impairment charge on assets held for sale of $66.7 million relating to the sale of TM Group (UK) Limited [“TMG”]. Additional drivers in both periods include a decrease in revenue resulting from lower real estate transactions volumes and higher financing costs on the Ares Credit Facility. For Fiscal 2023, there is additional unfavourability coming from higher amortization charges on intangible assets and increased acquisition and restructuring costs, whereas these costs are favourable for the three months ended June 30, 2023 when compared to the same period in the prior year.

- Adjusted EBITDA(1) for the three months ended June 30, 2023 was $65.7 million, a decrease of $9.5 million or 13% compared to the three months ended June 30, 2022. For Fiscal 2023 and Fiscal 2022, Adjusted EBITDA(1) was $243.8 million and $266.9 million, respectively, a decrease of $23.1 million or 9%[1]. Net of acquisition impacts, this is primarily a result of lower revenues, partially offset by lower operating expenses(1) arising from our cost reduction initiative announced in Q2 2023.

- Net cash provided by operating activities was $141.4 million for Fiscal 2023, a decrease of 24% compared to the equivalent period in the prior year. The decrease in net cash provided by operating activities is primarily due to lower net income adjusted for items not affecting cash and higher tax payments, partially offset by a smaller decrease in non-cash working capital balances compared to the equivalent period last year.

Other

- On July 8, 2021, the Company acquired all issued and outstanding shares of "TMG” for total cash consideration of $155.4 million (£91.5 million). On August 27, 2021, the Company received an initial enforcement order from the Competition and Markets Authority [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 U.K. 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 globally active alternative investment firm. As part of the transaction, the Company received $75.6 million (£43.9 million) in cash at closing, net of transactional costs incurred, with up to $70.9 million (£41.2 million) in potential additional earn-out payments between 2023 and 2026, for total consideration of up to $146.5 million (£85.1 million), subject to certain adjustments. The closing occurred on August 3, 2023 and the transaction has received approval from the United Kingdom’s Competition and Markets Authority.

- During Fiscal 2023, the Company purchased and cancelled 3.5 million shares for consideration of $58.6 million as part of a Normal Course Issuer Bid [“Fiscal 2023 NCIB”] and purchased and cancelled 11.2 million shares for a total consideration of $165 million as part of two separate Substantial Issuer Bids [collectively, the “SIB”].

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(1) Adjusted EBITDA and Operating Expenses are 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.

- On July 26, 2023, the Company announced that the board of directors approved the commencement of a substantial issuer bid [the "Offer"] under which the Company offered to repurchase for cancellation up to $52 million of its issued and outstanding 3.75% convertible senior unsecured debentures due March 1, 2026 ["Convertible Debentures"]. Refer to the "Financial Instruments and Other Instruments" section for additional information.

  On September 13, 2023, the Company announced that its board of directors approved a normal course issuer bid [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.

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 presentation 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 real estate transactions volumes, which have decreased in the current quarter with the rise of inflation and interest rates compared to the same period in the prior year. 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 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 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 tables 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".

Adjusted EBITDA

(In thousands of Canadian dollars)	Three months ended June 30,		Fiscal year ended June 30,	
	2023	2022	2023	2022
	$	$	$	$
Income (loss) for the period	**(89,179)**	(3,255)	**(170,643)**	7,841
Amortization and depreciation	**36,652**	38,854	**151,129**	132,932
Finance costs, net	**36,974**	14,406	**131,866**	42,377
Income tax expense (recovery)	**(2,821)**	2,306	**(23,207)**	10,246
EBITDA (1)	**(18,374)**	52,311	**89,145**	193,396
Impairment on assets held for sale	**66,716**	-	**66,716**	-
Stock-based compensation (2)	**8,100**	6,416	**28,767**	23,962
Acquisition, restructuring and other costs (3)	**9,048**	16,445	**58,712**	49,572
Salaries synergies realized (4)	**200**	-	**434**	-
Adjusted EBITDA (1)	**65,690**	**75,172**	**243,774**	**266,930**

Adjusted Net Income

(In thousands of Canadian dollars)	Three months ended June 30,						Fiscal year ended June 30,					
	Pre-tax		Tax		After-tax		Pre-tax		Tax		After-tax	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$	$	$	$	$	$	$	$	$	$	$	$
Income (loss) for the period	**(92,000)**	(949)	**(2,821)**	2,306	**(89,179)**	(3,255)	**(193,850)**	18,087	**(23,207)**	10,246	**(170,643)**	7,841
Amortization of acquired intangible assets	**27,248**	27,608	**7,120**	6,802	**20,128**	20,806	**106,598**	102,181	**26,974**	25,056	**79,624**	77,125
Impairment on assets held for sale	**66,716**	-	**-**	-	**66,716**	-	**66,716**	-	**-**	-	**66,716**	-
Stock-based compensation (2)	**8,100**	6,416	**-**	-	**8,100**	6,416	**28,767**	23,962	**-**	-	**28,767**	23,962
Change in fair value and gains and losses relating to financing	**1,551**	(7,349)	**411**	(1,947)	**1,140**	(5,402)	**9,026**	(37,090)	**2,392**	(9,829)	**6,634**	(27,261)
Acquisition, restructuring and other costs (3)	**9,248**	16,445	**3,542**	4,368	**5,706**	12,077	**59,146**	49,572	**17,197**	13,075	**41,949**	36,497
Adjusted Net Income (1)	**20,863**	42,171	**8,252**	11,529	**12,611**	30,642	**76,403**	156,712	**23,356**	38,548	**53,047**	118,164
Weighted average number of shares outstanding												
Basic					55,597	69,148					61,930	68,911
Diluted					55,834	69,706					62,172	70,826
Basic Adjusted Net Income per share (1)					0.23	0.44					0.86	1.71
Diluted Adjusted Net Income per share (1)					0.23	0.44					0.85	1.67

Notes:

(1) EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, Basic Adjusted Net Income per share, Diluted Adjusted Net Income per share and Operating expenses 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 and other related costs.

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

(4) Salaries synergies realized relates to the impact of the full period of cost synergies related to the actual or planned reduction of employees in relation to acquisitions.

Operating Expenses

(In thousands of Canadian dollars)	Three months ended June 30,		Fiscal year ended June 30,	
	2023	2022	2023	2022
	$	$	$	$
Direct costs	**(14,187)**	(14,247)	**(51,751)**	(57,558)
Technology and operations	**(25,827)**	(21,463)	**(94,571)**	(84,292)
General and administrative	**(9,813)**	(13,251)	**(40,612)**	(43,683)
Sales and marketing	**(4,676)**	(5,539)	**(20,397)**	(22,345)
Operating expenses(1)	**(54,503)**	(54,500)	**(207,331)**	(207,878)

Notes:

(1) EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, Basic Adjusted Net Income per share, Diluted Adjusted Net Income per share and Operating expenses are not recognized measures under IFRS. See “Cautionary Note Regarding Non-IFRS Measures”.

Consolidated Results of Operations

(In thousands of Canadian dollars)	Three months ended June 30,		Fiscal year ended June 30,	
	2023	2022	2023	2022
	$	$	$	$
Revenue	**120,193**	129,672	**451,105**	474,808
Expenses				
Direct costs	**(14,187)**	(14,247)	**(51,751)**	(57,558)
Technology and operations	**(25,827)**	(21,463)	**(94,571)**	(84,292)
General and administrative	**(9,813)**	(13,251)	**(40,612)**	(43,683)
Sales and marketing	**(4,676)**	(5,539)	**(20,397)**	(22,345)
Stock-based compensation	**(8,100)**	(6,416)	**(28,767)**	(23,962)
Finance costs, net	**(36,974)**	(14,406)	**(131,866)**	(42,377)
Amortization and depreciation	**(36,652)**	(38,854)	**(151,129)**	(132,932)
Impairment on assets held for sale	**(66,716)**	-	**(66,716)**	-
Acquisition, restructuring and other costs	**(9,248)**	(16,445)	**(59,146)**	(49,572)
Income before taxes	**(92,000)**	(949)	**(193,850)**	18,087
Income tax (expense) recovery	**2,821**	(2,306)	**23,207**	(10,246)
Net income (loss) for the period	**(89,179)**	(3,255)	**(170,643)**	7,841
Net income (loss) per common share	**(1.60)**	(0.05)	**(2.76)**	0.11
Net income (loss) per diluted share	**(1.60)**	(0.05)	**(2.76)**	(0.32)
Cash dividends declared per share	**0.01875**	0.01875	**0.01875**	0.01875
Weighted average number of shares outstanding				
Basic	**55,597**	69,148	**61,930**	68,911
Diluted(1)	**55,597**	69,148	**61,930**	75,537

(1) For the three months ended June 30, 2023 and Fiscal 2023, 17,710 and 16,773 options, respectively, were excluded from the calculation of diluted EPS, given the Company was in a net loss position during those periods and their effect would be anti-dilutive. For the three months ended June 30, 2022 and Fiscal 2022, 15,110 and 5,981 options, respectively, were excluded from the diluted weighted average number of shares calculation as their effect would have been anti-dilutive. In all periods except Fiscal 2022, 345 Convertible Debentures were excluded from the calculation of diluted EPS as their effect would have been anti-dilutive.

Discussion of Operations

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

Revenue

Revenue for the three months ended June 30, 2023 was $120.2 million, a decrease of $9.5 million or 7%, compared to the three months ended June 30, 2022. The revenue decrease was primarily attributable to lower real estate market transactions during the three months period resulting from unfavourable market conditions. For Fiscal 2023 and Fiscal 2022, revenue was $451.1 million and $474.8 million, respectively, a decrease of $23.7 million or 5%.

Our revenue percent relating to the real estate transactions across all our regions has decreased for the three months period ending June 30, 2023 from 68% to 58% and has decreased from 68% to 56% for Fiscal 2023 versus Fiscal 2022. Our contracted annual recurring revenue (ARR)(1) as a percentage of revenue has increased in both periods from the prior year.

	Three months ended June 30,		Fiscal year ended June 30,	
	2023	2022	2023	2022
	%	%	%	%
Driven by real estate transactions (1) (2)	**58%**	68%	**56%**	68%
Driven by real estate transactions in Canada (1) (2)	**33%**	45%	**32%**	41%
Annual Recurring Revenue (ARR) contracted(1)	**19%**	10%	**17%**	7%

(1) Percent of consolidated revenue, excludes TM Group.
(2) Prior periods adjusted for comparability purposes.

Expenses

For the three months ended June 30, 2023 and Fiscal 2023 and 2022, total expenses excluding income tax expense were:

(In thousands of Canadian dollars)	Three months ended June 30,		Fiscal year ended June 30,	
	2023	2022	2023	2022
	$	$	$	$
Expenses				
Direct costs	**(14,187)**	(14,247)	**(51,751)**	(57,558)
Technology and operations	**(25,827)**	(21,463)	**(94,571)**	(84,292)
General and administrative	**(9,813)**	(13,251)	**(40,612)**	(43,683)
Sales and marketing	**(4,676)**	(5,539)	**(20,397)**	(22,345)
Stock-based compensation	**(8,100)**	(6,416)	**(28,767)**	(23,962)
Finance costs, net	**(36,974)**	(14,406)	**(131,866)**	(42,377)
Amortization and depreciation	**(36,652)**	(38,854)	**(151,129)**	(132,932)
Impairment on assets held for sale	**(66,716)**	-	**(66,716)**	-
Acquisition, restructuring and other costs	**(9,248)**	(16,445)	**(59,146)**	(49,572)
Total	**(212,193)**	(130,621)	**(644,955)**	(456,721)

(1) ARR is revenue under contract that is expected to recur over a fixed term. ARR percentage is determined by taking the total recurring revenue divided by total consolidated revenue for the period (adjusted for in-quarter acquisition timing impacts).

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

- Direct costs remained flat for the three months ended June 30, 2023 compared to the equivalent period in the prior year, and decreased by $5.8 million or 10% to $51.8 million for Fiscal 2023 compared to the equivalent period in the prior year. In Fiscal 2023, this relates to lower charges from third party vendors from lower revenues and a higher amount of rebates recognized.

- Technology and operations expenses increased by $4.4 million or 20% for the three months ended June 30, 2023 and increased by $10.3 million to $94.6 million or 12% for Fiscal 2023, compared to the equivalent periods in the prior year. The increase in both periods was primarily due to additional expenses and salaries from acquisitions completed in the previous twelve months, including amounts relating to managed services set-up costs, hosting and software license fees, and product support services, partially offset by synergies realized.

- General and administrative expenses decreased from $13.3 million to $9.8 million or 26% for the three months ended June 30, 2023 and by $3.1 million or 7% for Fiscal 2023, compared to the equivalent periods in the prior year. The decrease for both periods was, net of acquisition impacts, primarily attributable to lower salary expense as a result of the cost reduction initiative.

- Finance costs increased from $14.4 million to $37.0 million or 157% for the three months ended June 30, 2023 compared to the equivalent period in the prior year and increased by $89.5 million to $131.9 million or 211% for Fiscal 2023 compared to the equivalent period in the prior year. In both periods, the increase is primarily due to higher interest expense relating to the Ares Credit Facility and unfavourable non-cash net impacts compared to aggregate favourable non-cash net impacts in the prior year from changes in the fair value of the Convertible Debenture, contingent consideration and loss of settlement of loans.

- Amortization and depreciation decreased from $38.9 million to $36.7 million or 6% for the three months ended June 30, 2023 compared to the equivalent period in the prior year and increased by $18.2 million to $151.1 million or 14% for Fiscal 2023 compared to the equivalent period in the prior year. For three months ended June 30, 2023, the decrease is due to ceasing amortization on assets held for sale. The increase for Fiscal 2023 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.

- During the three months ended June 30, 2023, the Company recognized an impairment charge of $66.7 million to write down the carrying value of TMG to its fair value less cost to sell. The fair value less cost to sell reflects the up-front consideration paid plus the fair value of the contingent consideration under the sale agreement. The sale of TMG closed on August 3, 2023.

- Acquisition, restructuring and other costs decreased from $16.4 million to $9.2 million or 44% for the three months ended June 30, 2023 compared to the equivalent period in the prior year and increased by $9.6 million to $59.1 million or 19% for Fiscal 2023 compared to the equivalent period in the prior year. For the three months ended June 30, 2023, the favourability is resulting due to prior period acquisition costs comprised of professional fees, integration expenses related to acquisitions completed in the previous twelve months and costs incurred related to the special committee activities. For Fiscal 2023, there are increases related to higher acquisition costs relating to prior acquisitions, due diligence activity and additional restructuring costs incurred. A large portion of these costs for Fiscal 2023 relate to the proposed acquisition of Link Administration Holdings Limited, which did not close, and TMG selling costs incurred during Q1 2023 to Q3 2023.

Acquisition, restructuring and other costs broken down further, for the year ended June 30,

	2023	2022
	$	$
Acquisition expenses	**29,770**	26,282
Divestiture, listing and reorganization expenses[1]	**19,780**	19,998
Restructuring	**9,596**	3,292
	59,146	49,572

[1] Includes divestiture costs of $ 5,255.

Net income (loss)

Net income (loss) decreased by $85.9 million for the three months ended June 30, 2023 compared to the three months ended June 30, 2022 and by $178.5 million for Fiscal 2023 compared to Fiscal 2022. This is driven primarily by a fourth quarter impairment charge on assets held for sale of $66.7 million relating to the sale of TMG. Additional drivers in both periods include a decrease in revenue resulting from lower real estate transactions volumes and higher financing costs on the Ares Credit Facility. For Fiscal 2023, there is additional unfavourability coming from higher amortization charges on a larger intangible asset base and increased acquisition and restructuring costs, whereas these costs are favourable for the three months ended June 30, 2023 when compared to the same period in the prior year.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA for the three months ended June 30, 2023 decreased from $75.2 million to $65.7 million or 13% compared to the equivalent period in the prior year and by $23.2 million to $243.8 million or 9% for Fiscal 2023 compared to the equivalent period in the prior year. The decrease in Adjusted EBITDA for both periods was primarily due lower revenues, partially offset by lower operating costs net of acquisition impacts. Adjusted EBITDA Margin for the three months ended June 30, 2023 and Fiscal 2023 was 55% and 54%, respectively, which is within management's expected range of 50%-60%.

Adjusted Net Income

Adjusted Net Income for the three months ended June 30, 2023 decreased from $30.6 million to $12.6 million compared to the equivalent period in the prior year and decreased by $65.1 million to $53.0 million for Fiscal 2023 compared to the equivalent period in the prior year. The decrease in Adjusted Net Income for the three months ended June 30, 2023 was primarily due to lower revenues and higher realized financing costs, partially offset by lower amortization and depreciation on assets excluding acquired intangibles. For Fiscal 2023, the decrease in Adjusted Net Income is due to lower revenues, higher realized financing costs from an increase in interest rates and higher depreciation and amortization on assets excluding acquired intangibles. In aggregate, operating expenses for three months ending June 30, 2023 and Fiscal 2023 were flat compared to the same period in the prior year when including the impact of acquisitions.

Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted Net Income and Operating expenses 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 and of Net Income to Adjusted Net Income.

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)	Q4 2023	Q3 2023	Q2 2023	Q1 2023
	$	$	$	$
Revenue	120,193	104,094	106,651	120,167
Total expenses[(1)]	209,372	139,241	141,469	131,666
Net income (loss)	(89,179)	(35,147)	(34,818)	(11,499)
Operating expenses [(2)]	54,503	48,033	49,075	55,720
Adjusted Net Income [(2)]	12,611	7,900	11,847	20,689
EBITDA[(2)]	(18,374)	32,930	33,943	40,646
Adjusted EBITDA[(2)]	65,690	56,061	57,576	64,447
Adjusted EBITDA Margin[(2)] **(% of revenue)**	55%	54%	54%	54%
Net income (loss) per common share	(1.60)	(0.63)	(0.52)	(0.17)
Net income (loss) per diluted share	(1.60)	(0.63)	(0.52)	(0.21)
Basic Adjusted Net Income per share [(2)]	0.23	0.14	0.18	0.30
Diluted Adjusted Net Income per share [(2)]	0.23	0.14	0.18	0.30
Driven by real estate transactions [(3)]	58%	50%	54%	62%
Driven by real estate transactions in Canada[(3)]	33%	26%	30%	37%
Annual Recurring Revenue (ARR) contracted[(3)]	19%	19%	17%	13%

Quarterly Results (In thousands of Canadian dollars, except per share data)	Q4 2022	Q3 2022	Q2 2022	Q1 2022
	$	$	$	$
Revenue	129,672	122,880	109,634	112,622
Total expenses[(1)]	132,927	129,906	113,610	90,524
Net income (loss)	(3,255)	(7,026)	(3,976)	22,098
Operating expenses [(2)]	54,500	56,090	47,023	50,265
Adjusted Net Income [(2)]	30,642	14,077	37,537	35,908
EBITDA[(2)]	52,311	48,652	44,324	48,109
Adjusted EBITDA[(2)]	75,172	66,790	62,611	62,357
Adjusted EBITDA Margin[(2)] **(% of revenue)**	58%	54%	57%	55%
Net income (loss) per common share	(0.05)	(0.10)	(0.06)	0.32
Net income (loss) per diluted share	(0.05)	(0.45)	(0.06)	0.18
Basic Adjusted Net Income per share [(2)]	0.44	0.20	0.55	0.52
Diluted Adjusted Net Income per share [(2)]	0.44	0.20	0.53	0.50
Driven by real estate transactions [(3)]	68%	67%	67%	68%
Driven by real estate transactions in Canada[(3)]	45%	42%	39%	38%
Annual Recurring Revenue (ARR) contracted[(3)]	10%	7%	7%	3%

Note:

(1) Includes income tax expense.
(2) EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, Basic Adjusted Net Income per share, Diluted Adjusted Net Income per share and Operating expenses are not recognized measures under IFRS. See “Cautionary Note Regarding Non-IFRS Measures”.
(3) Percent of consolidated revenue, excludes TM Group. For ARR, prior quarters have been restated for comparability purposes.

Revenue

Current quarter revenue increased over the previous quarter as a result of higher average rates per user on some of our platforms, increased annual contractual revenues, incremental earnings from our latest acquisitions and seasonal upticks in real estate transaction volumes.

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 Q3 2023. The current quarter includes an impairment charge on assets held for sale of $66.7 million relating to the sale of TMG. 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 and higher interest rates. 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. Total expenses will continue to fluctuate based on the timing of acquisitions and financing-related activities. Total operating expenses(1) increased by $6.5 million when compared to Q3 2023, of which $2.3 million relates to the impact of acquisitions. The increase over Q3 2023 is mainly from higher direct costs and technology and operations expense.

Financial Condition

(In thousands of Canadian dollars)	**Fiscal year ended June 30,**	
	2023	**2022**
	$	$
Cash and cash equivalents[1]	36,265	223,619
Total assets	2,124,280	2,250,667
Total liabilities	1,701,400	1,487,238

Note:
(1) Excludes TM Group's cash and cash equivalents of $5.1 million for Fiscal 2023.

Cash and cash equivalents decreased from June 30, 2022 to June 30, 2023 as a result of net cash used in financing activities of $164.9 million and net cash used in investing activities of $158.3 million, offset by cash provided from operating activities of $141.4 million. The financing activities relate primarily to share repurchases made under our SIB and Fiscal 2023 NCIB program of $223.6 million as well as interest paid on the Ares Credit Facility and Convertible Debentures of $112.5 million, offset by additional net loans and borrowings of $179 million. The net cash used in investing activities is mainly attributable to acquisition consideration paid and additions to intangible assets on software development.

Total assets decreased from June 30, 2022 to June 30, 2023 primarily as a result of amortization of intangible assets and a decrease in cash and cash equivalents due to share purchases made under our SIB and Fiscal 2023 NCIB programs.

Total liabilities increased from June 30, 2022 to June 30, 2023 primarily as a result of additional borrowing against the Revolving Facility and Delayed Draw Term Loan and additional holdbacks and payables owed relating to completed acquisitions. This is offset partially by a decrease in the fair value of the Convertible Debentures and lower deferred tax liabilities.

(1) Operating expenses 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.

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. The Company expects that cash and cash equivalents and future operating cash flows will enable the Company to fund its ongoing business requirements, including working capital and other contractual obligations.

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
	$	$	$	$	$	$
As at June 30, 2023						
IT committed spend	**27,844**	**9,374**	**5,678**	**—**	**—**	**42,896**
	27,844	**9,374**	**5,678**	**—**	**—**	**42,896**

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 June 30,**		**Fiscal year ended June 30,**	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Net cash provided by operating activities	**43,784**	58,954	**141,397**	185,437
Net cash provided (used) by financing activities	**25,130**	(34,644)	**(164,871)**	535,297
Net cash provided (used) in investing activities	**(66,822)**	(16,887)	**(158,268)**	(923,582)
Change in cash during the period	**2,092**	7,423	**(181,742)**	(202,848)
Cash and cash equivalents, beginning of period	**28,311**	218,385	**223,619**	429,335
Effect of foreign exchange on cash and cash equivalents	**1,001**	(2,189)	**(496)**	(2,868)
Less cash grouped in asset for sale	**4,861**	-	**(5,116)**	-
Cash and cash equivalents, end of period	**36,265**	223,619	**36,265**	223,619

Cash flows provided by operating activities was $43.8 million for the three months ended June 30, 2023 compared to $59.0 million for the three months ended June 30, 2022. The decrease in cash flows from operating activities for the three months ended June 30, 2023 was primarily due to higher tax payments and net working capital. Cash flows provided by operating activities was $141.4 million for Fiscal 2023 compared to $185.4 million for Fiscal 2022. The decrease in net cash provided by operating activities is primarily due to lower net income adjusted for items not affecting cash and higher tax payments, partially offset by a smaller decrease in non-cash working capital balances compared to the equivalent period last year.

Net cash provided by financing activities was $25.1 million and net cash used in financing activities was $164.9 million for the three months ended June 30, 2023 and Fiscal 2023, respectively, primarily due to share repurchases made under our SIB and Fiscal 2023 NCIB program of $223.6 million as well as interest paid on the Ares Credit Facility and Convertible Debentures of $112.5 million, partially offset by additional net borrowings of $179 million, $71 million of which occurred during the three months ending June 30, 2023. In comparison, net cash used in financing activities for the three months ended June 30, 2022, was $34.6 million as a result of interest paid on the Ares Credit Facility and net cash provided by financing activities for Fiscal 2022 was $535.3 million, primarily due to $610.6 million of net proceeds from loans and borrowings net of repayments.

Net cash flows used in investing activities for the three months ended June 30, 2023 and Fiscal 2023 was $66.8 million and $158.3 million, respectively, mainly attributable to acquisition consideration paid and additions to intangible assets on software development. In comparison, net cash flows used in investing activities for the three months ended June 30, 2022 and for Fiscal 2022 was $16.9 million and $923.6 million, respectively. The increase in net cash outflows from investing activities for Fiscal 2022 is due to significantly higher consideration paid for acquisitions completed.

Capital Expenditures

Capital expenditures for the three months ended June 30, 2023 and Fiscal 2023, were $9.7 million and $33.1 million, respectively, compared to $3.4 million and $23.8 million for the comparative periods in the prior year. Capital expenditures primarily represent our continued investment to enhance and further develop our existing platforms and purchase of software, as well as purchases of property and equipment relating to our headquarter move to 25 York Street during Q3 2023.

Credit Facilities

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 (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. On February 16, 2022, the Company made a partial repayment of $615 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.

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, $126.3 million was drawn under the DDTL Facility, incurring financing fees of $2.3 million, and $55 million 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.

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

	$
Balance, June 30, 2022	876,484
Add (less)	
Net funds drawn from revolving credit facilities	55,000
Net funds drawn from delayed draw term loan facilities	124,000
Interest and accretion expense	108,073
Interest paid	(99,553)
Balance, June 30, 2023	**1,064,004**
Current	**90**
Non-current	**1,063,914**

Following year end, the Company repaid $84.1 million in debt. During the same period the Company drew $43.5 million from its DDTL to funds acquisitions. The net result is following year end the Company reduced its net debt by $40.6 million.

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 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 June 30, 2023, and 2022 was as follows:

	2023	**2022**
	$	$
Salaries and benefits	**5,812**	5,840
Stock-based compensation	**22,001**	18,053
	27,813	23,893

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 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 loss. 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 Convertible Debentures, with certain adjustments to calculate the fair value of the Convertible Debenture as at June 30, 2023 was $266.1 million, resulting in a nil and $4.2 million loss recognized through income on change in fair value for the three months ended June 30, 2023 and Fiscal 2023, respectively.

On July 26, 2023, the Company announced that the board of directors approved the commencement of “the “Offer” under which the Company offered to repurchase for cancellation up to $52 million of its issued and outstanding Convertible Debentures.

The Offer is proceeding by way of a modified Dutch auction, which allows Convertible Debenture holders who choose to participate in the Offer to select the price, within a price range to tender their Convertible Debentures. The Company is making the Offer at between $500 and $650 per $1,000 of Convertible 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 Convertible Debentures falling within the range of $645 to $715 per $1,000 principal amount of Convertible 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 Convertible Debentures properly tendered to the Offer, having an aggregate purchase price not exceeding $26 million. Convertible Debenture holders who deposit their Convertible Debentures will not be entitled to receive accrued and unpaid interest on the Convertible Debentures.

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

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:

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.

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 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 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 the Financial Statements.

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.

Fair Value of Assets Held for Sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense. The fair value of TM

Group 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.

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.

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. 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 and income before taxes by $2.7 million on the loans, for the three months ended June 30, 2023.

Market Risk

The Company is exposed to market risk primarily in terms of revenue generation and Convertible Debentures. The Company's revenue is driven by transaction volumes, which have increased with the growth and strength of the Canadian economy. Convertible Debentures are measured using mark to market method. The Company monitors the market conditions in an effort to capture fluctuations that may affect the ongoing revenue and valuation of Convertible Debentures. 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 Fiscal 2023.

As at June 30, 2023, the Company had a net financial liability position denominated in British pounds of $47.1 million [£28.1 million] [2022 – net liability of $3.7 million [£2.4 million]]. As at June 30, 2023, the Company had a net financial position denominated in Australian dollars of $11.8 million [A$13.4 million] [2022 – net liability of $4.8 million [A$5.4 million]]. As at June 30, 2023, the Company had a net financial liability position denominated in US dollars of $0.2 million [US$0.2 million] [2022 – net asset of 0.2 million [US$0.2 million]]. 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 $3.5 million [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, 55.0 million shares, 13.8 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 June 30, 2023 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 TM Group, which was acquired on July 8, 2021 and other acquisitions during Fiscal 2023.

The contribution of other acquisitions to our consolidated revenue for the three months ended June 30, 2023 and Fiscal 2023, was less than 7% and 3% of total revenues, respectively. Additionally, as at June 30, 2023, current assets and current liabilities of other acquisitions were below 5% of consolidated current assets and current liabilities, and 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 consolidated revenue for the three months ended June 30, 2023 and Fiscal 2023, was less than 13% of total revenues for both periods. The entirety of TM Group's assets and liabilities are classified as a held for sale.