Dye & Durham Limited

Condensed consolidated interim financial statements
[Expressed in thousands of Canadian dollars]
Unaudited
For the three and six months ended December 31, 2023 and 2022

Dye & Durham Limited

Condensed consolidated interim statements of financial position [unaudited]

[Expressed in thousands of Canadian dollars]

As at

	Note	December 31, 2023 $	June 30, 2023[1] $
Assets			
Current			
Cash and cash equivalents	11	**34,738**	36,265
Trade and other receivables		**83,186**	77,738
Prepaid expenses and other assets		**12,774**	10,560
		130,698	124,563
Assets held for sale	5	**—**	114,758
		130,698	239,321
Non-current			
Other assets	5	**16,883**	2,292
Property and equipment, net		**5,866**	5,050
Right-of-use assets, net		**17,674**	11,522
Intangible assets, net	7	**851,631**	855,207
Goodwill	8	**1,044,595**	976,761
Total assets		**2,067,347**	2,090,153
Liabilities and equity			
Current			
Accounts payable and accrued liabilities		**83,730**	102,056
Customer advances		**11,318**	10,536
Holdbacks and contingent consideration on acquisitions, current	6	**39,366**	16,574
Lease liabilities, current		**6,092**	4,671
Loans and borrowings, current	9	**5,607**	4,448
		146,113	138,285
Liabilities directly associated with assets held for sale	5	**—**	30,092
		146,113	168,377
Non-current			
Holdbacks and contingent consideration on acquisitions	6	**12,598**	11,121
Lease liabilities		**15,667**	9,103
Loans and borrowings	9	**1,058,425**	1,063,914
Other liabilities		**4,584**	3,212
Deferred tax liabilities		**154,191**	145,465
Convertible debentures	11	**271,868**	266,081
Derivative liability	10	**5,553**	—
Total liabilities		**1,668,999**	1,667,273
Contingencies and commitments	18		
Equity			
Capital stock	12	**680,372**	681,206
Contributed surplus		**82,681**	72,288
Accumulated other comprehensive income		**15,929**	2,657
Reserves of a disposal group held for sale	5	**—**	(3,078)
Deficit		**(380,533)**	(329,992)
Non-controlling interests		**(101)**	(201)
		398,348	422,880
Total liabilities and equity		**2,067,347**	2,090,153

[1] *Refer to note 6*

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

On behalf of the Board:

"Signed"
Director - Ronnie Wahi

"Signed"
Director - Edward D. (Ted) Prittie

Dye & Durham Limited

Condensed consolidated interim statements of operations [unaudited]

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

		Three months ended December 31,		Six months ended December 31,	
		2023	**2022**	**2023**	**2022**
	Note	$	$	$	$
Revenue	20	**110,178**	106,651	**230,262**	226,818
Expenses					
Direct costs		**(10,625)**	(12,413)	**(19,964)**	(26,436)
Technology and operations		**(26,977)**	(22,156)	**(54,598)**	(46,987)
General and administrative		**(9,398)**	(8,444)	**(20,036)**	(20,213)
Sales and marketing		**(3,164)**	(6,062)	**(6,950)**	(11,159)
Stock-based compensation		**(6,831)**	(8,044)	**(10,322)**	(13,362)
Finance costs	14	**(49,063)**	(38,425)	**(84,202)**	(54,613)
Amortization, depreciation and impairment	7	**(41,453)**	(39,041)	**(81,061)**	(77,389)
Loss on disposal of assets held for sale	5	**—**	—	**(190)**	—
Acquisition, restructuring and other costs	16	**(5,545)**	(15,589)	**(11,975)**	(34,072)
Loss before taxes		**(42,878)**	(43,523)	**(59,036)**	(57,413)
Income tax recovery		**8,119**	8,705	**10,765**	11,096
Net loss for the period		**(34,759)**	(34,818)	**(48,271)**	(46,317)
Attributable to:					
Non-controlling interests		**(14)**	—	**100**	—
Shareholders		**(34,745)**	(34,818)	**(48,371)**	(46,317)
		(34,759)	**(34,818)**	**(48,271)**	(46,317)
Net loss per common share	13				
Basic		**(0.63)**	(0.52)	**(0.88)**	(0.68)
Diluted		**(0.63)**	(0.52)	**(0.88)**	(0.68)
Weighted average number of shares outstanding	13				
Basic		**54,912**	67,022	**54,933**	68,091
Diluted		**54,912**	67,022	**54,933**	68,091

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

Dye & Durham Limited

Condensed consolidated interim statements of comprehensive income (loss) [unaudited]
[Expressed in thousands of Canadian dollars]

		Three months ended December 31,		Six months ended December 31,	
		2023	**2022**	**2023**	**2022**
	Note	$	$	$	$
Net loss		**(34,759)**	(34,818)	**(48,271)**	(46,317)
Other comprehensive income					
Items that may be reclassified to profit or loss in subsequent periods					
Exchange differences on translation of foreign operations		**12,153**	35,938	**6,614**	26,498
Net change in fair value of derivatives designated as cash flow hedge, net of income taxes of ($1,472) and $nil	10	**(4,081)**	—	**(4,081)**	—
		8,072	35,938	**2,533**	26,498
Item that will not be reclassified to profit or loss in subsequent periods					
Net change in fair value of convertible debentures attributable to change in own credit risk, net of income taxes of three months $2,830 (2022 — $4,754) and six months of $3,872 (2022 — $3,492)	11	**7,848**	13,186	**10,739**	9,687
Other comprehensive income		**15,920**	49,124	**13,272**	36,185
Comprehensive income (loss)		**(18,839)**	14,306	**(34,999)**	(10,132)
Attributable to:					
Non-controlling interests		**(14)**	—	**100**	—
Shareholders		**(18,825)**	14,306	**(35,099)**	(10,132)
		(18,839)	14,306	**(34,999)**	(10,132)

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

Dye & Durham Limited

Condensed consolidated interim statements of changes in equity [unaudited]

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

	Note	Number of common shares	Capital stock	Contributed surplus	Accumulated other comprehensive income (loss)	Reserves of a disposal group held for sale	Deficit	Non-controlling interests	Total
		#	$	$	$	$	$	$	$
Balance, June 30, 2022		69,149	866,296	46,684	(32,683)	—	(116,873)	5	763,429
Dividends declared	12	—	—	—	—	—	(1,052)	—	(1,052)
Dividends paid	12	—	—	—	—	—	(1,246)	—	(1,246)
Stock options exercised	12	95	401	(87)	—	—	—	—	314
Stock-based compensation		—	—	13,332	—	—	—	—	13,332
Transaction with non-controlling interests		—	—	—	—	—	(90)	(5)	(95)
Shares bought back		(13,145)	(168,693)	—	—	—	(30,222)	—	(198,915)
Assets and liabilities held for sale		—	—	—	9,483	(9,483)	—	—	—
Comprehensive income (loss) for the period		—	—	—	36,185	—	(46,317)	—	(10,132)
Balance, December 31, 2022		56,099	698,004	59,929	12,985	(9,483)	(195,800)	—	565,635
Balance, June 30, 2023		**54,951**	**681,206**	**72,288**	**2,657**	**(3,078)**	**(329,992)**	**(201)**	**422,880**
Dividends declared	12	**—**	**—**	**—**	**—**	**—**	**(1,029)**	**—**	**(1,029)**
Dividends paid	12	**—**	**—**	**—**	**—**	**—**	**(1,030)**	**—**	**(1,030)**
Stock options exercised	12	**61**	**524**	**(139)**	**—**	**—**	**—**	**—**	**385**
Stock-based compensation		**—**	**—**	**10,532**	**—**	**—**	**—**	**—**	**10,532**
Shares bought back	12	**(108)**	**(1,358)**	**—**	**—**	**—**	**(111)**	**—**	**(1,469)**
Assets and liabilities held for sale	5	**—**	**—**	**—**	**—**	**3,078**	**—**	**—**	**3,078**
Comprehensive income (loss) for the period		**—**	**—**	**—**	**13,272**	**—**	**(48,371)**	**100**	**(34,999)**
Balance, December 31, 2023		**54,904**	**680,372**	**82,681**	**15,929**	**—**	**(380,533)**	**(101)**	**398,348**

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

Dye & Durham Limited

Condensed consolidated interim statements
of cash flows [unaudited]
[Expressed in thousands of Canadian dollars]

		Six months ended December 31,	
		2023	**2022**
	Note	**$**	$
Cash flows from operating activities			
Net loss for the period		**(48,271)**	(46,317)
Items not affecting cash			
Amortization, depreciation and impairment	7	**81,061**	77,389
Loss on disposal of assets held for sale	5	**190**	—
Stock-based compensation expense		**10,322**	13,362
Fair value adjustment on contingent consideration receivable		**(2,446)**	—
Income tax recovery		**(10,765)**	(11,096)
Finance costs, net	14	**86,648**	54,613
Taxes paid		**(4,950)**	(11,810)
Changes in non-cash working capital balances			
Trade and other receivables		**(1,912)**	(2,694)
Prepaid expenses and other assets		**(6,532)**	(2,413)
Accounts payable and accrued liabilities		**(17,003)**	1,964
Customer advances		**828**	(3,565)
Net cash provided by operating activities		**87,170**	69,433
Cash flows from financing activities			
Net proceeds from loans and borrowings	9	**73,750**	40,000
Proceeds from exercise of stock options		**524**	—
Net proceeds from issuance of shares		**—**	401
Payments for loans and borrowings	9	**(84,104)**	—
Interest paid		**(67,318)**	(49,488)
Dividends paid	12	**(2,060)**	(2,544)
Shares bought back under NCIB and SIB	12	**(1,473)**	(196,235)
Issuance of convertible debentures	11	**12,255**	—
Payments for lease obligations		**(2,382)**	(2,158)
Net cash used in financing activities		**(70,808)**	(210,024)
Cash flows from investing activities			
Cash proceeds from investment divestiture		**75,333**	—
Acquisition consideration paid, net of cash acquired	6	**(67,257)**	(24,886)
Holdbacks and contingent consideration paid	6	**(1,965)**	(2,574)
Additions to intangible assets	7	**(19,787)**	(10,879)
Purchases of property and equipment		**(1,345)**	(1,759)
Net cash used in investing activities		**(15,021)**	(40,098)
Change in cash and cash equivalents		**1,341**	(180,689)
Cash and cash equivalents, beginning of period		**36,265**	223,619
Effect of foreign exchange on cash and cash equivalents		**(2,868)**	1,352
Less cash grouped in asset for sale		**—**	(9,477)
Cash and cash equivalents, end of period		**34,738**	34,805

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

Notes to condensed consolidated interim financial statements

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

As at and for the three and six months ended December 31, 2023, and 2022

1. Description of the business

Dye & Durham Limited [the “Company”] is a provider of cloud-based software and technology solutions designed to boost efficiency and increase productivity for legal and business professionals in Canada, Australia, South Africa, Ireland and the United Kingdom [“UK”]. The Company provides critical information services and workflow, which clients require to manage their process, information and regulatory requirements. The Company was incorporated by articles of incorporation under the *Business Corporations Act* (Ontario) on June 26, 2020. The Company is registered, and its head office is located at 25 York Street, Suite 1100, Toronto, Ontario, Canada.

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

2. Basis of preparation

These condensed consolidated interim financial statements were prepared in accordance with International Financial Reporting Standards [“IFRS”], as issued by the International Accounting Standards Board [“IASB”] applicable to the preparation of interim financial statements, including International Accounting Standard [“IAS”] 34 – *Interim Financial Reporting*. Accordingly, certain information and note disclosures normally included in the annual consolidated financial statements prepared in accordance with IFRS, as issued by the IASB, have been omitted or condensed. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements of the Company as at and for the year ended June 30, 2023.

These condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors on February 13, 2024.

Basis of measurement

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

Basis of consolidation

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

Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the Company’s subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-company balances, transactions, unrealized gains and losses resulting from intra-company transactions, and dividends are eliminated in full.

Notes to condensed consolidated interim financial statements

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

As at and for the three and six months ended December 31, 2023, and 2022

These condensed consolidated interim financial statements include the accounts of the Company and the following material subsidiaries as at December 31, 2023 and June 30, 2023:

Subsidiary	Country of incorporation	Ownership percentage December 31, 2023	Ownership percentage June 30, 2023
Dye & Durham Corporation	Canada	100%	100%
Dye & Durham (UK) Limited	United Kingdom	100%	100%
Dye & Durham Australia Pty Limited	Australia	100%	100%
GlobalX Information Pty Ltd.	Australia	100%	100%
TM Group (UK) Limited	United Kingdom	—	100%
Dye & Durham Mercury Ltd.	Canada	100%	100%

3. Significant accounting judgments and estimates

The preparation of the Company's condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The Company bases its estimates on historical experience as well as on various other assumptions that are believed to be reasonable under the circumstances at the time. Under different assumptions or conditions, the actual results would differ, potentially materially, from those previously estimated. Many of the conditions impacting these assumptions and estimates are beyond the Company's control. Revisions to the accounting estimates are recognized in the period in which the estimates are revised and will be recorded with a corresponding impact on net income.

Significant accounting judgments and estimates are consistent with those disclosed in note 4 of the annual consolidated financial statements except for the following:

Fair value of financial instruments

Pursuant to the sale of TM Group (UK) Limited ["TMG"] on August 3, 2023, the Company recorded a contingent consideration receivable under other assets in the condensed consolidated interim statements of financial position. The contingent consideration receivable was assessed based on its fair value using a Monte Carlo simulation and taking the weighted average of the possible outcomes within the parameters of the model. The contingent consideration receivable is measured at fair value through profit or loss ["FVTPL"].

Please refer to note 5 for additional information and details.

The Company entered into an interest rate swap in November 2023 with a lender, which exchanged its floating interest rate obligation for a fixed interest rate. The Company designated the interest rate swap as a cash flow hedge in November 2023, upon meeting the qualifying criteria as set out under the annual consolidated financial statements of the Company as at and for the year ended June 30, 2023. The derivative is designated as a hedging instrument and recorded as a derivative liability in the condensed consolidated interim statements of financial position and the changes in the fair value recorded in other comprehensive income to the extent that the hedge is effective. The hedge's ineffectiveness is measured and recorded in profit and loss. When the hedging instrument is sold, terminated, or no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred cost of hedging in accumulated other comprehensive income (loss) are immediately reclassified to the condensed consolidated interim statements of operations when the forecasted transaction is no longer expected to occur. The derivative liability was measured based on its current fair value as at the date of these condensed consolidated interim financial statements.

4. Changes in accounting policies

New accounting pronouncements or policies adopted

The Company adopted the following new standards and amendments to standards, effective July 1, 2023. These changes did not have a material impact on the Company's condensed consolidated interim financial statements for the six months ended December 31, 2023:

- *Definition of Accounting Estimates (Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors)*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 – Income Taxes)*
- *Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2*

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

- *Classification of Liabilities as Current or Non-current* (*Amendments to IAS 1 – Presentation of Financial Statements)*
- *Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7 – Financial Instruments: Disclosures)*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)*

5. Assets and liabilities held for sale

On July 8, 2021, the Company acquired all issued and outstanding shares of TMG for total cash consideration of $155,404 [£91,500]. On August 27, 2021, the Company received an initial enforcement order from the CMA in respect of the Company's acquisition of TMG. On August 3, 2022, the CMA released its final report and concluded that the Company's acquisition of TMG, which closed in July 2021, would lessen competition in the UK property search services market. The CMA concluded that the only effective way to address the issues it has identified would be for the Company to divest the entirety of TMG to a third party.

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

Upon the completion of TMG's sale, the Company derecognized entirely the assets and liabilities held for sale from the condensed consolidated interim statements of financial position. The Company assessed the fair value of the contingent consideration receivable as at December 31, 2023 of $15,200 [£8,900] (June 30, 2023 – $nil) using a Monte Carlo simulation and taking the weighted average of the possible outcomes within the parameters of the model, which is recorded under other assets in the condensed consolidated interim statements of financial position. The changes of the contingent consideration receivable during the six months ended December 31, 2023 of $2,446 [£1,450] are measured at FVTPL and recorded in finance costs in the condensed consolidated interim statements of operations.

TMG was classified as a disposal group held for sale on December 1, 2022. The assets and liabilities of TMG that were classified as held for sale were derecognized in full as of August 3, 2023.

Loss on disposal 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 recovery.

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

The loss on disposal of assets held for sale was recognized as a separate line item in the condensed consolidated interim statements of operations. Following to the sale of TMG, a loss on disposal of assets held for sale of $190 was recorded in the condensed consolidated interim statements of operations. The fair value of the contingent consideration receivable is classified as Level 3 under the fair value hierarchy and measured at FVTPL. The contingent consideration receivable balance as at December 31, 2023 is $15,200 [£8,900] (June 30, 2023 – $nil), which is recorded in other assets in the condensed consolidated interim statements of financial position. During the six months ended December 31, 2023, the Company recognized a gain on the change in fair value of the contingent consideration receivable of $2,446 [£1,450], which is recorded in finance costs in the condensed consolidated interim statements of operations.

Notes to condensed consolidated interim financial statements

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

As at and for the three and six months ended December 31, 2023, and 2022

6. Acquisitions

Acquisitions that are determined to be business combinations have been recorded under the purchase method of accounting and results have been included in the condensed consolidated interim statements of operations and condensed consolidated interim statements of comprehensive income (loss) from their respective acquisition dates.

Accordingly, the allocation of the purchase price to assets and liabilities is based on the fair value, with the excess of the purchase price over the fair value of the assets acquired being allocated to goodwill.

During the six months ended December 31, 2023, the Company acquired 100% of the shares of two business with an aggregated consideration of $77,560 [£45,793] and acquired the net assets of twelve businesses for total consideration of $14,479 [£8,738]. These acquisitions were all accounted for as business combinations.

For acquisitions made, management assessed the information obtained and assumptions to be used in estimating the fair value of the intangible assets and deferred taxes. For the acquisitions completed during the six months ended December 31, 2023 and fiscal 2023, the allocation of the fair value to the identifiable assets acquired and liabilities assumed as at the date of acquisition was as follows:

	Six months ended December 31, 2023		
	Acquisition of shares	Acquisition of net assets	Total
	$	$	$
Cash consideration	**63,626**	**4,482**	**68,108**
Holdbacks	**13,934**	**6,393**	**20,327**
Contingent consideration	**-**	**3,604**	**3,604**
Total purchase price	**77,560**	**14,479**	**92,039**
Cash and cash equivalents	**851**	**—**	**851**
Trade and other receivables	**3,357**	**—**	**3,357**
Prepaid expenses and other assets	**433**	**—**	**433**
Property and equipment	**220**	**—**	**220**
Software technologies and licenses	**8,779**	**—**	**8,779**
Brands and trademarks	**2,138**	**207**	**2,345**
Customer lists	**32,243**	**5,667**	**37,910**
Accounts payable and accrued liabilities	**(10,619)**	**—**	**(10,619)**
Loans and borrowings, non-current	**(46)**	**—**	**(46)**
Deferred tax liability	**(10,822)**	**(1,468)**	**(12,290)**
Net assets identified	**26,534**	**4,406**	**30,940**
Goodwill	**51,026**	**10,073**	**61,099**

The purchase price allocations of the business combinations completed during the six months ended December 31, 2023, and after December 31, 2022, are considered to be preliminary, and subsequent adjustments during the measurement period will occur as the Company completes its estimation of the fair values of assets acquired and liabilities assumed, including the valuation of intangible assets, holdbacks and contingent consideration.

Notes to condensed consolidated interim financial statements

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

As at and for the three and six months ended December 31, 2023, and 2022

	Year ended June 30, 2023		
	Acquisition of shares	**Acquisition of net assets**	**Total**
	$	$	$
Cash consideration	78,263	40,892	119,155
Holdbacks	14,898	2,849	17,747
Contingent consideration	—	4,176	4,176
Total purchase price	93,161	47,917	141,078
Cash and cash equivalents	3,630	—	3,630
Trade and other receivables	1,986	689	2,675
Prepaid expenses and other assets	229	—	229
Property and equipment	75	—	75
Software technologies and licenses	8,265	—	8,265
Brands and trademarks	2,024	1,122	3,146
Customer lists	33,253	25,710	58,963
Accounts payable and accrued liabilities	(4,327)	—	(4,327)
Loans and borrowings, current	(55)	—	(55)
Deferred tax liability	(11,157)	(5,979)	(17,136)
Non-controlling interests	197	—	197
Net assets identified	**34,120**	**21,542**	**55,662**
Goodwill	**59,041**	**26,375**	**85,416**

The goodwill recognized in connection with the above acquisitions is primarily attributable to the anticipated improvement in the operations of the companies acquired and synergies with existing operations as a result of implementing management's business strategies and methodologies. Goodwill also includes other intangibles such as assembled workforce that do not qualify for separate recognition under IFRS.

During the six months ended December 31, 2023, the Company adjusted the open purchase price allocations from the previous year and adjusted the acquisition date contingent consideration fair value lower by $32,071. The adjustment relates to a revaluation of the likelihood of payment at the time of acquisition. The Company also adjusted the open purchase price allocations from the previous year for the value of certain acquired intangible assets, decreasing the fair value of acquired customer lists, software technologies and brands and trademarks by $5,302, $227 and $2, respectively. The 2023 comparative information was restated to reflect the adjustment to the provisional amounts. As a result, there was also a corresponding net decrease to goodwill for the same amount less impacts on deferred tax liabilities *[note 8]*.

For the year ended June 30, 2023, the Company completed acquisitions for total consideration of $141,078 with upfront payments of $119,155 and fair value of deferred and contingent consideration of $21,923. The purchase price allocations of acquisitions completed after December 31, 2022 are considered to be preliminary, and subsequent adjustments during the measurement period will occur as the Company completes its estimation of the fair values of assets acquired and liabilities assumed, including the valuation of intangible assets, holdbacks and contingent consideration.

Notes to condensed consolidated interim financial statements

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

As at and for the three and six months ended December 31, 2023, and 2022

Holdbacks and contingent consideration

Business combinations during the six months ended December 31, 2023 included the following additions to holdbacks and contingent consideration:

[i] Contingent consideration of $17,044, with fair value of $3,604, payable within 15 to 24 months, subject to the businesses acquired during the six months ended December 31, 2023, meeting certain performance obligations. The payment is contingent on meeting certain sales and volume targets over a fixed measurement period. As at December 31, 2023, management estimates that approximately half of the contingent consideration will become payable.

[ii] Holdbacks with total consideration of $20,853, payable within 3 to 24 months, not subject to any earn-out conditions, with a fair value of $20,327.

Business combinations to date resulted in total holdbacks and contingent consideration of $51,964 as at December 31, 2023, summarized as follows:

	Holdbacks $	Contingent consideration $	Total $
Balance, June 30, 2023	22,688	5,007	27,695
Acquisition of subsidiaries	20,327	3,604	23,931
Change in fair value	—	649	649
Other	314	—	314
Interest accretion	878	—	878
Payments during the period	(1,965)	—	(1,965)
Effects of foreign exchange	84	378	462
Balance, December 31, 2023	42,326	9,638	51,964
Current	33,565	5,801	39,366
Non-current	8,761	3,837	12,598

During the six months ended December 31, 2023, the Company adjusted the open purchase price allocations from the previous year and adjusted the acquisition date purchase consideration fair value lower by $32,071. The adjustment relates to a revaluation of the likelihood of payment at the time of acquisition.

Notes to condensed consolidated interim financial statements

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

As at and for the three and six months ended December 31, 2023, and 2022

7. Intangible assets

	Software technologies	Brand and trademarks	Licenses	Customer lists	Total
	$	$	$	$	$
Cost					
Balance, June 30, 2022	268,008	48,992	22,009	806,082	1,145,091
Additions	28,620	—	—	—	28,620
Acquired through acquisitions	8,492	3,148	—	64,265	75,905
Adjustments upon finalization of purchase price allocations related to prior year acquisitions	(227)	(2)	—	(5,302)	(5,531)
Assets held for sale	(22,792)	(6,821)	—	(58,307)	(87,920)
Effects of foreign exchange	2,890	1,194	—	7,071	11,155
Balance, June 30, 2023	284,991	46,511	22,009	813,809	1,167,320
Additions	**19,787**	**—**	**—**	**—**	**19,787**
Acquired through acquisitions	**8,779**	**2,345**	**—**	**37,910**	**49,034**
Effects of foreign exchange	**906**	**116**	**—**	**2,932**	**3,954**
Balance, December 31, 2023	**314,463**	**48,972**	**22,009**	**854,651**	**1,240,095**
Accumulated amortization					
Balance, June 30, 2022	55,407	9,662	9,100	112,184	186,353
Amortization	56,128	7,286	2,232	78,206	143,852
Impairment loss	1,074	—	—	—	1,074
Assets held for sale	(6,079)	(1,933)	—	(13,767)	(21,779)
Effects of foreign exchange	1,016	241	—	1,356	2,613
Balance, June 30, 2023	107,546	15,256	11,332	177,979	312,113
Amortization	**28,517**	**4,043**	**1,116**	**41,872**	**75,548**
Effects of foreign exchange	**294**	**29**	**—**	**480**	**803**
Balance, December 31, 2023	**136,357**	**19,328**	**12,448**	**220,331**	**388,464**
Carrying value					
Balance, June 30, 2023	177,445	31,255	10,677	635,830	855,207
Balance, December 31, 2023	**178,106**	**29,644**	**9,561**	**634,320**	**851,631**

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

8. Goodwill

Goodwill as at December 31 comprises the following:

	$
Balance, June 30, 2022	968,627
Additions due to new acquisitions	114,011
Adjustments to purchase price allocations related to prior year acquisitions	(28,595)
Assets held for sale	(87,318)
Effects of foreign exchange	10,036
Balance, June 30, 2023	**976,761**
Additions due to new acquisitions	**61,099**
Effects of foreign exchange	**6,735**
Balance, December 31, 2023	**1,044,595**

9. Loans and borrowings

Loans and borrowings comprise the following:

	December 31, 2023 $	**June 30, 2023** $
Current		
Term credit facility [a]	**1,080**	90
Convertible debentures accrued interest *[note 11]*	**4,527**	4,358
	5,607	4,448
Non-current		
Term credit facility [a]	**839,192**	884,914
Revolving facility [a]	**30,000**	55,000
Delayed draw term loan facility [a]	**189,233**	124,000
	1,058,425	1,063,914
	1,064,032	1,068,362

[a] Ares Credit Facility

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

On closing of the Ares Credit Facility in December 2021, the Company received total gross cash proceeds of $1,520,000 from the Initial Term Loan and incurred financing fees of $52,394. The Ares Credit Facility bears an interest rate based on a grid system [i] Canadian Dollar Offered Rate ["CDOR"] + 5.75%, [ii] Eurocurrency rate + 5.75%, [iii] Canadian prime rate + 4.75% and [iv] base rate + 4.75% of interest payable quarterly or monthly at the option of the Company. On February 16, 2022, the Company made a partial repayment of $615,000 on the Initial Term Loan. As a result, the Company recorded a loss on the settlement of the loan from its proportionate unamortized portion of issuance costs of $18,320.

The Initial Term Loan, DDTL Facility and the Revolving Facility have a maturity date of December 3, 2027, December 3, 2027, and December 3, 2026, respectively. To the extent the Original Convertible Debentures (as defined below) that mature on March 1, 2026 [as defined in note 11] 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. Subject to certain conditions, the Company may, at its option, at any time, elect to satisfy its obligation to settle all or any portion of the Original Convertible Debentures (as defined below) by issuing common shares. The number of shares is calculated by dividing the redemption price by 95% of the market price of shares, which is determined using the weighted volume average price of the shares for the 20 consecutive trading days ending on the fifth trading day preceding the date of determination on the TSX. During the six months ended December 31, 2023, the Company repaid $49,769, $9,335, and $25,000 toward the Initial Term Loan, DDTL Facility, and the Revolving Facility, respectively, and drew $73,750 from the DDTL Facility. As at December 31, 2023, $190,665 has been drawn under the DDTL Facility, incurring financing fees of $2,250 ($1,432 deferred at December 31, 2023), and $30,000 was drawn under the Revolving Facility. The Ares Credit Facility is classified as a financial liability at amortized cost and is accounted for using the effective interest rate method.

The Ares Credit Facility is secured by a first-ranking security over all present and after-acquired properties in the form of a general security agreement. As at December 31, 2023, the Company is in compliance with its covenants.

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

The balance outstanding under the Ares Credit Facility as at December 31, 2023 is as follows:

	$
Principal balance	1,520,000
Add (less)	
Issuance costs	(52,394)
Principal repayment	(615,000)
Interest and accretion expense	39,010
Issuance costs written off	18,320
Interest paid	(33,452)
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**
Add (less)	
Net funds repaid on term credit facility	(49,769)
Net funds repaid on delayed draw term loan facilities	(9,335)
Net funds repaid on revolving credit facilities	(25,000)
Net funds drawn from delayed draw term loan facilities	73,750
Interest and accretion expense	66,704
Interest paid	(60,849)
Balance, December 31, 2023	**1,059,505**
Current	**1,080**
Non-current	**1,058,425**

10. Derivative liability

In November 2023, the Company entered into an interest rate swap with a lender, which exchanged its floating interest rate obligation on a notional $250,000 of Initial Term Loan for a fixed interest rate payment of 4.39% per annum on the notional amount. The interest rate swap has a three-year and nine-month term ending September 30, 2027. The Company designated the interest rate swap as a cash flow hedge upon meeting the hedging relationship criteria between the hedging instruments and the hedged item and recorded it at its fair value.

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

Any subsequent changes in fair value are recorded in other comprehensive income only to the extent that the hedge is effective. Any gain or loss related to the hedge's ineffective portion is recognized immediately to profit and loss.

Below is a reconciliation of derivative liability as at December 31, 2023:

	$
Derivative liability, June 30, 2023	**—**
Change in fair value of interest rate swap	**(5,553)**
Derivative liability, December 31, 2023	**(5,553)**

During the six months ended December 31, 2023, the Company recognized a net loss on the change in fair value of $5,553 through other comprehensive income for the effective portion of the hedge. The change in fair value is recorded as a derivative liability of $5,553 in the condensed consolidated interim statements of financial position.

The Company has evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by CDOR reform as at December 31, 2023. The Company's hedged items and hedging instruments for interest rate swaps continue to be indexed to three-month CDOR. Under CDOR reform, a new risk-free benchmark interest rate has been introduced as a fallback rate to CDOR; however, the three-month CDOR is expected to continue to exist as a benchmark rate until June 30, 2024. The Company will update its hedge documentation and adjust effective interest rates as the new benchmark rate is implemented.

11. Convertible debentures

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

The Company determined that the Original Convertible Debentures do not qualify as a compound instrument; therefore, there is no equity component to the instrument. This is due to the fact that the Company has the right to settle the Original Convertible Debentures in cash if the holders elect to exercise their conversion option. Accordingly, the Original Convertible Debentures are classified and accounted for entirely as a financial liability, which the Company has elected to measure at FVTPL. The fair value of the Original 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 Original Convertible Debentures , with certain adjustments to calculate the fair value of the Original Convertible Debentures as at December 31, 2023, and was determined to be $259,613 [June 30, 2023 – $266,081], resulting in a loss on the change in fair value for the three months and a gain for the six months ended December 31, 2023 of $431 and $6,469 [2022 – gain of $9,488 and $13,800], respectively.

The change in the Company's own credit risk resulted in a gain on the change in fair value of Original Convertible Debentures of $10,678 and $14,611 for the three and six months ended December 31, 2023 [2022 – gain of $17,940 and $13,179], respectively, which was recognized in other comprehensive income. The change in fair value of Original Convertible Debentures excluding the impact of change in the Company's own credit risk resulted in recognition of a loss on change in fair value of Convertible Debentures of $11,109 and $8,142 through finance costs for the three and six months ended December 31, 2023 [2022 – loss of $8,452 and gain of $621], respectively.

During the six months ended December 31, 2023, the Company paid semi-annual interest on the Original Convertible Debentures of $6,469 [2022 – $6,469].

In November 2023, the Company issued 20,425 convertible senior unsecured debentures [“New Debentures”] for total cash proceeds of $12,255 with a maturity date of November 1, 2028. The New Debentures bear an interest rate of 6.5% payable semi-annually and are convertible into common shares of the Company at an exercise price of $40.00 per share.

The Company recorded the net cash proceeds of New Debentures of $11,234 in the condensed consolidated interim statements of financial position within cash and cash equivalents. As at December 31, 2023, these amounts are held pursuant to the provisions of the underwriting agreement.

Refer to note 21 ”Subsequent events” for further information and details.

The Company determined that the New Debentures do not qualify as a compound instrument; therefore, there is no equity component to the instrument. This is because the Company has the right to settle the New Debentures in cash if the holders elect to exercise their conversion option. Accordingly, the New Debentures are classified and accounted for entirely as a financial liability, which the Company has elected to measure at FVTPL. The fair value of the New 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 New Debentures, with certain adjustments to calculate the fair value of the New Debentures as at December 31, 2023, and was determined to be $12,255 [June 30, 2023 – $nil], resulting in $nil gain (loss) on the change in fair value for the three and six months ended December 31, 2023 [2022 – $nil and $nil], respectively.

During the six months ended December 31, 2023 and 2022, the Company accrued interest of $214 and $nil, respectively, on New Debentures.

Notes to condensed consolidated interim financial statements

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

As at and for the three and six months ended December 31, 2023, and 2022

12. Capital stock

[a] Authorized

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

[b] Issued and outstanding

	Common shares	
	#	$
Balance, June 30, 2022	69,149	866,296
Stock options exercised [i]	487	1,908
Common shares cancelled under NCIB [ii]	(3,458)	(49,654)
Common shares cancelled under SIB [iii]	(11,227)	(137,344)
Balance, June 30, 2023	54,951	681,206
Stock options exercised [iv]	**61**	**524**
Common shares cancelled under NCIB [v]	**(108)**	**(1,358)**
Balance, December 31, 2023	**54,904**	**680,372**

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

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

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

[iv] During the six months ended December 31, 2023, 61 stock options were exercised for cash proceeds of $524 and the related grant date fair value of the options of $139 was reclassified from contributed surplus to capital stock.

[v] During the six months ended December 31, 2023, the Company purchased and cancelled 108 shares for a total consideration of $1,473 as part of an NCIB. The Company recorded a revaluation loss of $4 through finance costs by unfavourably settling its liability under the NCIB at a higher average share price. The deficit of $111 paid over the carrying value of the share issuance was charged to deficit.

[c] Dividends

The Company paid $2,060 of dividends to shareholders during the six months ended December 31, 2023 [2022 – $2,544] based on a quarterly dividend of $0.01875 per share.

Notes to condensed consolidated interim financial statements

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

As at and for the three and six months ended December 31, 2023, and 2022

13. Loss per share

The following table reflects the loss and share data used in the basic and diluted loss per share [“EPS”] calculations:

	Three months ended December 31,		Six months ended December 31,	
	2023	**2022**	**2023**	**2022**
	$	$	$	$
Net loss attributable to the shareholders of the Company [basic]	**(34,745)**	(34,818)	**(48,371)**	(46,317)
Net loss attributable to the shareholders of the Company [diluted]	**(34,745)**	(34,818)	**(48,371)**	(46,317)
Weighted average number of shares for basic EPS	**54,912**	67,022	**54,933**	68,091
Weighted average number of shares adjusted for the effect of dilution	**54,912**	67,022	**54,933**	68,091
Basic EPS	**(0.63)**	(0.52)	**(0.88)**	(0.68)
Diluted EPS	**(0.63)**	(0.52)	**(0.88)**	(0.68)

For the three and six months ended December 31, 2023, 26,199 and 19,500 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 and six months ended December 31, 2022, all potentially dilutive options were excluded from the diluted weighted average number of shares calculation as their effect would have been anti-dilutive. For all current periods, 345 Original Convertible Debentures, each representing $1,000 of principle value, were excluded from the calculation of diluted EPS as their effect would have been anti-dilutive. The current periods also exclude 20.4 New Debentures issued in Q2FY24 as their effect would have been anti-dilutive.

14. Finance costs, net

The Company’s finance costs for the three and six months ended December 31 are as follows:

	Three months ended December 31,		Six months ended December 31,	
	2023	**2022**	**2023**	**2022**
	$	$	$	$
Interest and accretion costs, net	**40,390**	28,926	**77,853**	54,187
Change in fair value of convertible debentures *[note 11]*	**11,109**	8,452	**8,142**	(621)
Change in fair value of contingent consideration	**6**	3,755	**649**	3,755
Revaluation loss on shares bought back *[note 12]*	**4**	(2,708)	**4**	(2,708)
Change in fair value of contingent consideration receivable *[note 5]*	**(2,446)**	—	**(2,446)**	—
	49,063	38,425	**84,202**	54,613

Notes to condensed consolidated interim financial statements

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

As at and for the three and six months ended December 31, 2023, and 2022

15. Employee compensation

The Company's employee compensation for the three and six months ended December 31 are as follows:

	Three months ended December 31,		Six months ended December 31,	
	2023	**2022**	**2023**	**2022**
	$	$	$	$
Technology and operations	**20,433**	13,281	**39,675**	32,010
General and administrative	**3,462**	3,781	**8,624**	10,410
Sales and marketing	**1,909**	3,217	**4,018**	7,346
Other costs[1]	**1,152**	3,593	**1,853**	6,086
	26,956	23,872	**54,170**	55,852

[1] This includes restructuring costs. Refer to note 16 for additional details.

16. Acquisition, restructuring and other costs

The Company's acquisition, restructuring and other costs for the three and six months ended December 31 are as follows:

	Three months ended December 31,		Six months ended December 31,	
	2023	**2022**	**2023**	**2022**
	$	$	$	$
Acquisition expenses	**2,700**	9,721	**5,681**	23,963
Listing and reorganization expenses	**1,693**	2,275	**4,441**	4,023
Restructuring	**1,152**	3,593	**1,853**	6,086
	5,545	15,589	**11,975**	34,072

Acquisition expenses, listing and reorganization-related expenses consist mainly of professional fees and include integration costs. Restructuring expenses mainly represent employee exit costs as a result of synergies created due to business combinations and organizational changes and are expected to be paid within the fiscal year. The restructuring liability as at December 31, 2023 is $660 (June 30, 2023 – $540).

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

17. Related party transactions

The Company defines key management personnel as being the Board of Directors, the Chief Executive Officer ["CEO"] and the executive leadership team. The remuneration of key management personnel during the three and six months ended December 31, 2023 and 2022 were as follows:

	Three months ended December 31,		Six months ended December 31,	
	2023	**2022**	**2023**	**2022**
	$	$	$	$
Salaries and benefits	**1,943**	1,283	**3,917**	2,605
Stock-based compensation	**6,288**	6,395	**8,961**	10,923
	8,231	7,678	**12,878**	13,528

18. 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 condensed consolidated interim financial statements.

19. Fair value measurement

The fair values of cash and cash equivalents, trade and other receivables, accounts payable and accrued liabilities and customer advances approximate their carrying values due to the immediate or short-term maturity of these financial instruments. The fair value of holdbacks approximates their carrying value as these are due within three to eighteen months. The fair value of loans and borrowings approximates their carrying value due to the variable interest rates on these instruments. The Company measures its Original Convertible Debentures, New Debentures, contingent consideration on acquisitions, contingent consideration receivable and derivative liability at fair value.

All assets and liabilities for which fair value is measured or disclosed in these condensed consolidated interim financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted [unadjusted] market prices in active markets for identical assets or liabilities.
Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Contingent consideration on acquisitions and contingent consideration receivable are classified as Level 3 financial instruments. Original Convertible Debentures, New Debentures and derivative liability are classified as Level 2 financial instruments. During the three and six months ended December 31, 2023, and 2022, there were no transfers of amounts between levels.

Notes to condensed consolidated interim financial statements

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

As at and for the three and six months ended December 31, 2023, and 2022

A change in interest or discount rate by 1%, with all other variables held constant, would impact the fair value of contingent consideration by approximately $500. The fair value of contingent consideration also depends on the acquired businesses meeting certain performance obligations, such as the successful completion of integration activities as well as meeting certain sales targets over a fixed measurement period.

Changes in the fair value of interest rate swap designated for cash flow hedge accounting are based on calculations and valuation models using observable market rates. A change in interest rate by 1% would impact the fair value of the derivative liability by $8,700.

See notes 5 and 10 for additional details on the contingent consideration receivable, derivative asset, and derivative liability.

20. Segment information

The Company's CEO has been identified as the chief operating decision maker ["CODM"]. The CODM reviews financial information, makes decisions and assesses the performance of the Company as a single operating segment.

The Company has multiple geographic regions, being Canada, UK and Ireland, Australia and other. The following tables present details on revenues derived and details on property and equipment and intangible assets domiciled in the following geographical locations.

Revenue for the three and six months ended December 31, 2023 and 2022:

	Three months ended December 31,		**Six months ended December 31,**	
	2023	**2022**	**2023**	**2022**
	$	$	$	
Canada	**62,183**	62,010	**133,197**	130,946
UK and Ireland	**26,012**	27,434	**55,596**	61,519
Australia	**15,925**	17,207	**32,850**	34,353
Other	**6,058**	—	**8,619**	—
	110,178	106,651	**230,262**	226,818

Property and equipment and intangible assets by geographic region as at December 31, 2023 and June 30, 2023:

	Canada	**UK and Ireland**	**Australia**	**Other**	**Total**
	$	$	$	$	$
December 31, 2023					
Property and equipment	**2,850**	**1,089**	**1,735**	**192**	**5,866**
Intangible assets	**599,367**	**174,711**	**64,213**	**13,340**	**851,631**
June 30, 2023					
Property and equipment	2,447	1,665	1,904	—	6,016
Intangible assets	656,736	198,670	65,891	52	921,349

21. Subsequent events

Convertible Debentures

On January 16, 2024, the Company announced that its substantial issuer bid (the “Offer“) to purchase up to $160,000 in aggregate principal amount of the Original Convertible Debentures had been oversubscribed. As the Offer was oversubscribed, elections made by holders of the Original Convertible Debentures tendering to the Offer were subject to proration as described in the Offer to Purchase and Circular and Notices of Variations.

Of the $160,000 in aggregate principal amount of Original Convertible Debentures taken up under the Offer, the Company (i) paid $36,144 in cash in consideration of $48,000 in principal amount of Original Debentures for which a cash consideration election was made; and (ii) issued $140,000 in principal amount of New Debentures in consideration of $112,000 in principal amount of Original Convertible Debentures for which a New Debenture election was made.

Original Convertible Debentures purchased under the Offer represent approximately 46.4% of the issued and outstanding principal amount of Original Convertible Debentures as at October 20, 2023, the date the Offer was publicly announced. After giving effect to the Offer, $185,000 in principal amount of Original Convertible Debentures were issued and outstanding and $160,425 in principal amount of New Debentures (including previously issued New Debentures) were issued and outstanding.

Offering of common shares

On February 6, 2024, the Company announced the closing of its bought deal offering of common shares. Pursuant to the offering, the Company issued a total of 11,960 Common Shares at a price of $12.10 per common share for gross proceeds to the Company of $144,716 (net proceeds of $139,502), which includes the exercise, in full, by the underwriters of the over-allotment option granted by the Company to purchase up to of an additional 1,560 common shares at a price of $12.10 per common share.

As detailed below, the Company used a portion of the net proceeds from the offering to repay the outstanding balance on its Revolving Facility.

Debt repayment

Following the closing of the Company's bought deal offering of common shares on February 6, 2024, the Company repaid its Revolving Facility's outstanding balance in full on February 8, 2024.

Dividend declaration

On February 13, 2024, the Company's Board of Directors approved a dividend for the three months ending December 31, 2023, in the amount of $0.01875 per common share, to be paid on or about February 28, 2024, to holders of common shares of record as of the close of business on February 21, 2024.