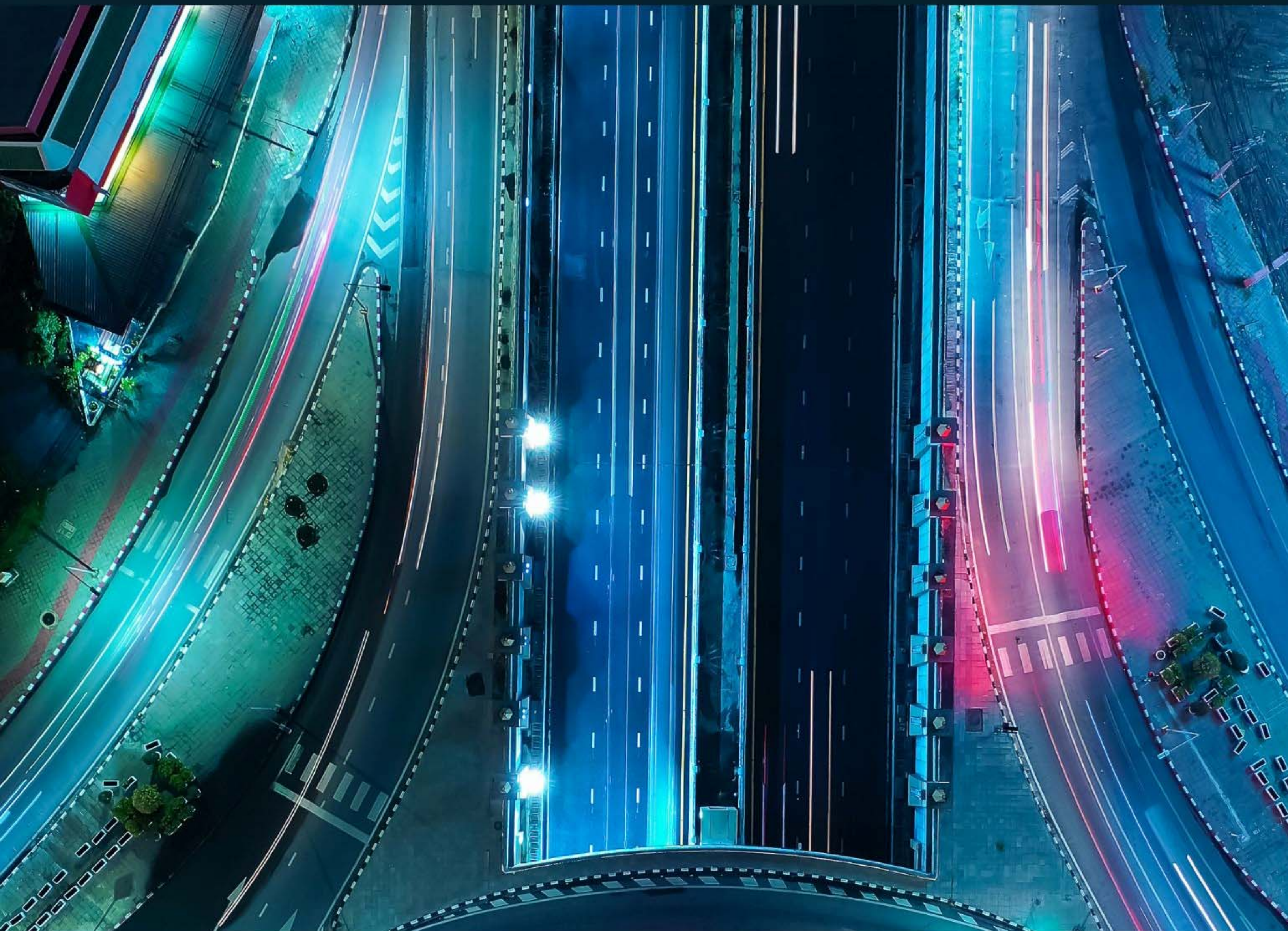

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 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 December 31, 2023.

This MD&A for the three and six months ended December 31, 2023, and 2022, should be read in conjunction with the Company's unaudited condensed interim financial statements and the accompanying notes for three and six months ended December 31, 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.sedarplus.ca.

This MD&A is dated as of February 13, 2024, 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 intended use of proceeds from its recently closed bought deal offering of common shares, 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. These forward-looking statements 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 to 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; 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 AIF. 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 Company's most recent 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 "Adjusted 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 Adjusted Operating Expenses, when viewed with the Company's results under IFRS and the accompanying reconciliations, provide 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 Adjusted 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" (as defined below), 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, loss on disposal of assets held for sale, 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, loss on disposal of assets held for sale, Adjusted Finance Costs (defined herein), 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. Adjusted Finance Costs are changes in fair value and gains and losses relating to financing, plus certain non-recurring costs incurred related to financing, such as professional fees for debt financing.*

*"**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.*

***"Adjusted Operating Expenses"** means the sum of direct costs, technology and operations, general and administrative, and sales and marketing expenses. As such, Adjusted Operating Expenses excludes certain items that can be considered operating in nature, including but not limited to, restructuring costs, impairment of assets used for operations and stock-based compensation.*

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 vital data insights to legal professionals 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 its 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 two core product lines:

- **Legal Software Business** made up of:
    - 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. Our payments infrastructure and banking technology business offers best-in-class digital infrastructure to most major Canadian and Australian lenders, providing critical technology and products which support essential functions like payments, information services, property settlements and core banking infrastructure. The business has trusted, long-term relationships with approximately 100 leading financial institutions globally and represents an opportunity for us to generate more cash in the near term.

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 businesses.

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 believes that by growing its business organically and through mergers and acquisitions over the long term, it will be successful in building the company to a billion dollars of Adjusted EBITDA.

Financial highlights

- Revenue for the three months ended December 31, 2023, was $110.2 million, an increase of $3.5 million, or 3%, compared to the three months ended December 31, 2022. For the six months ended December 31, 2023, and 2022, revenue was $230.3 million and $226.8 million, respectively, an increase of $3.4 million, or 2%.

  Comparative period revenues for the three and six months ended December 31, 2023, included $12.5 million and $27.8 million of revenue from TM Group ["TMG"], respectively, which was divested on August 3, 2023. Excluding the impact of the TMG divesture, revenue grew by 17% and 13% for the three and six months ended December 31, 2023, respectively. Revenue growth was driven by acquisitions and higher revenues from the data insights and payment infrastructure businesses.

- Annual Recurring Revenue (ARR)(1) as a percentage of revenue increased to 27% for the three months ended December 31, 2023, compared to 16% for the equivalent period in the prior year.

- Annual Contracted Revenue(2) as a percentage of revenue was 49% and 47% for the three and six months ended December 31, 2023, respectively.

- Net loss for the current quarter was $34.8 million, remaining relatively stable compared to the equivalent period in the prior year. Net loss was $48.3 million for the six months ended December 31, 2023, an increase of $1.6 million, compared to the equivalent period in the prior year. This was primarily driven by higher financing costs, which were offset by lower acquisition and restructuring spend and additional favourability from lower direct costs, sales and marketing and stock-based compensation expenses for both periods.

- Adjusted EBITDA(3) for the three months ended December 31, 2023, was $60.0 million, an increase of $2.4 million, or 4%, compared to the three months ended December 31, 2022. For the six months ended December 31, 2023, and 2022, Adjusted EBITDA was $128.7 million and $122.0 million, respectively, an increase of $6.7 million, or 5%. This increase in Adjusted EBITDA was driven primarily from an increase in revenue and lower direct costs, offset partially by higher general and administrative costs.

- Net cash provided by operating activities was $44.6 million for the three months ended December 31, 2023, an increase of 57% compared to the equivalent period in the prior year. The increase in net cash provided by operating activities was primarily due to higher net income adjusted for interest and items not affecting operating cash flows and lower tax payments, partially offset by a larger increase in working capital balances compared to the equivalent period last year.

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(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 and other timing impacts).

(2) Annual Contracted Revenue includes minimum committed levels of annual recurring revenue (ARR) plus revenue from contracted overages and other service agreements.

(3) Adjusted EBITDA and Adjusted 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.

Business performance improvement plan

To enable Dye & Durham to deliver on its growth and leverage ratio reduction objectives, the Company targeted an improvement plan of greater than $70 million in free cash flow performance on an annualized basis, compared to the first quarter of fiscal 2024 to be fully realized by the end of Q3 fiscal 2024. The Company is on track to meet this objective with $40 million of annualized improvement in free cash flow realized in Q2 2024, which includes pricing optimization, a reduction in capital expenditures, a reduction in acquisition, restructuring and other costs, as well as lower current Adjusted Operating Expenses (3) net of costs from acquisitions.

Other

- On November 6, 2023, the Company announced the closing of its previously announced private placement (the “Private Placement”) of $20.4 million 6.50% senior unsecured extendible convertible debentures due November 1, 2028 (the “New Debentures”). The net proceeds of $11.2 million are recorded as cash and cash equivalents on the Company’s condensed consolidated interim statement of financial position. On January 16, 2024, the Company announced the results of the substantial issuer bid initially announced on October 20, 2023 (the “Substantial Issuer Bid”). Following a series of expansions, the Company retired $160 million in aggregate principal amount of its issued and outstanding 3.75% senior unsecured convertible debentures due March 1, 2026 (the “Original Debentures,” and together with the New Debentures, the “Convertible Debentures”) under the Substantial Issuer Bid and (i) paid $36.1 million in cash in consideration of $48 million in principal amount of Original Debentures for which a cash consideration election was made; and (ii) issued $140 million in principal amount of the New Debentures in consideration of $112 million in principal amount of Original Debentures for which a New Debenture election was made. The transactions were executed and settled on January 22, 2024.

- On February 6, 2024, the Company announced the closing of its previously announced bought deal offering (the “Offering”) of common shares of the Company. Pursuant to the Offering, the Company issued approximately 12 million common shares at a price of $12.10 per share for gross proceeds to the Company of approximately $144.7 million (net proceeds of approximately $139.5 million) which included the exercise, in full of the underwriter’s over-allotment option to purchase up to of an additional 1.6 million common shares at a price of $12.10 per common share. On February 8, 2024, the Company paid down the entirety of the outstanding balance of its Revolving Facility (defined below) using a portion of the net proceeds from the Offering. The balance of the net proceeds may be used to (a) make a partial repayment on the Company’s Initial Term Loan (as defined below); (b) retire a portion of the Original Debentures; or (c) both, with any amount not so applied being used for general working capital purposes, which includes funding the Company’s continued growth strategy.

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 believes 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

Approximately half 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. Approximately half of the Company's revenues are 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, 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, 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 December 31,		Six months ended December 31,	
	2023	2022	2023	2022
	$	$	$	$
Loss for the period	**(34,759)**	(34,818)	**(48,271)**	(46,317)
Amortization and depreciation	**41,453**	39,041	**81,061**	77,389
Finance costs, net	**49,063**	38,425	**84,202**	54,613
Income tax recovery	**(8,119)**	(8,705)	**(10,765)**	(11,096)
EBITDA(1)	**47,638**	33,943	**106,227**	74,589
Loss on disposal of assets held for sale	**-**	-	**190**	-
Stock-based compensation(2)	**6,831**	8,044	**10,322**	13,362
Acquisition, restructuring and other costs(3)	**5,271**	15,589	**11,382**	34,072
Salaries synergies(4)	**274**	-	**593**	-
Adjusted EBITDA(1)	**60,014**	**57,576**	**128,714**	**122,023**

Notes:

(1) EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, Basic Adjusted Net Income per share, Diluted Adjusted Net Income per share and Adjusted 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. 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.

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

Adjusted Net Income

(In thousands of Canadian dollars)	Three months ended December 31,						Six months ended December 31,					
	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	**(42,878)**	(43,523)	**(8,119)**	(8,705)	**(34,759)**	(34,818)	**(59,036)**	(57,413)	**(10,765)**	(11,096)	**(48,271)**	(46,317)
Amortization of acquired intangible assets	**30,179**	27,575	**8,056**	6,905	**22,123**	20,670	**58,423**	54,608	**15,509**	13,564	**42,914**	41,044
Loss on disposal of assets held for sale	**-**	-	**-**	-	**-**	-	**190**	-	**-**	-	**190**	-
Stock-based compensation(2)	**6,831**	8,044	**-**	-	**6,831**	8,044	**10,322**	13,362	**-**	-	**10,322**	13,362
Adjusted Finance Costs(1)	**10,879**	9,499	**2,883**	2,517	**7,996**	6,982	**8,555**	426	**2,267**	113	**6,288**	313
Acquisition, restructuring and other costs(3)	**5,545**	15,589	**1,442**	3,953	**4,103**	11,636	**11,975**	34,072	**4,046**	9,271	**7,929**	24,801
Adjusted Net Income (1)	**10,556**	17,184	**4,262**	4,670	**6,294**	12,514	**30,429**	45,055	**11,057**	11,852	**19,372**	33,203
Weighted average number of shares outstandi												
Basic					54,912	67,022					54,912	67,022
Diluted					55,114	67,447					55,086	67,447
Basic Adjusted Net Income per share					0.11	0.19					0.35	0.50
Diluted Adjusted Net Income per share					0.11	0.19					0.35	0.49

Notes:

(1) EBITDA, Adjusted EBITDA, Adjusted Finance Costs, Adjusted EBITDA Margin, Adjusted Net Income, Basic Adjusted Net Income per share, Diluted Adjusted Net Income per share and Adjusted 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. 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.

Adjusted Operating Expenses

(In thousands of Canadian dollars)	Three months ended December 31,		Six months ended December 31,	
	2023	2022	2023	2022
	$	$	$	$
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)
Adjuted operating expenses(1)	**(50,164)**	(49,075)	**(101,548)**	(104,795)

Notes:

(1) EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, Basic Adjusted Net Income per share, Diluted Adjusted Net Income per share and Adjusted 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 December 31,		Six months ended December 31,	
	2023	2022	2023	2022
	$	$	$	$
Revenue	**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)
Income before the following	**53,183**	49,532	**118,392**	108,661
Finance costs, net	**(49,063)**	(38,425)	**(84,202)**	(54,613)
Amortization, depreciation and impairment	**(41,453)**	(39,041)	**(81,061)**	(77,389)
Loss on disposal of assets held for sale	**-**	-	**(190)**	-
Acquisition, restructuring and other costs	**(5,545)**	(15,589)	**(11,975)**	(34,072)
Income 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)
Net earnings per common share	**(0.63)**	(0.52)	**(0.88)**	(0.68)
Net earnings per diluted share	**(0.63)**	(0.52)	**(0.88)**	(0.68)
Weighted average number of shares outstanding				
Basic	**54,912**	67,022	**54,933**	68,091
Diluted(1)	**54,912**	67,022	**54,933**	68,091

(1) For the three months 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 million of Original Debentures were excluded from the calculation of diluted EPS as their effect would have been anti-dilutive. The current periods also exclude $20.4 million of New Debentures issued in the current period 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 December 31, 2023, was $110.2 million, an increase of $3.5 million, or 3%, compared to the three months ended December 31, 2022. For the six months ended December 31, 2023, and 2022, revenue was $230.3 million and $226.8 million, respectively, an increase of $3.4 million, or 2%.

Comparative period revenues for the three and six months ended December 31, 2023, included $12.5 million and $27.8 million of revenue from TMG, respectively, which was divested on August 3, 2023. Excluding the impact of the TMG divesture, revenue grew by 17% and 13% for the three and six months ended December 31, 2023. Revenue growth was driven by acquisitions and higher revenues from the data insights and payment infrastructure businesses.

Our revenue percentage relating to the real estate transactions across all of our regions has decreased for the three and six months ended December 31, 2023, from 54% to 44% and from 58% to 47%, respectively. Our contracted annual recurring revenue (ARR) (1) as a percentage of revenue increased from 16% to 27% for the three months ended December 31, 2023, and from 15% to 26% for the six months ended December 31, 2023. Annual Contracted Revenue (2) for the three and six months ended December 31, 2023 was 49% and 47%, respectively.

	Three months ended December 31,		Six months ended December 31,	
	2023	2022	2023	2022
	%	%	%	%
Driven by real estate transactions (1)	**44%**	54%	**47%**	58%
Driven by real estate transactions in Canada (1)	**19%**	30%	**23%**	34%
Annual Recurring Revenue (ARR) contracted(1)	**27%**	16%	**26%**	15%
Annual Contracted Revenue(2)	**49%**	-	**47%**	-

(1) Percent of consolidated revenue, excludes TMG and other non-recurring adjustments. Prior periods adjusted for comparability purposes.
(2) Annual Contracted Revenue includes minimum committed levels of annual recurring revenue (ARR) plus revenue from contracted overages and other service agreements. Prior year information unavailable.

Expenses

For the three and six months ended December 31, 2023, total expenses before income taxes were:

(In thousands of Canadian dollars)	Three months ended December 31,		Six months ended December 31,	
	2023	2022	2023	2022
	$	$	$	$
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, net	**(49,063)**	(38,425)	**(84,202)**	(54,613)
Amortization, depreciation and impairment	**(41,453)**	(39,041)	**(81,061)**	(77,389)
Loss on disposal of assets held for sale	**-**	-	**(190)**	-
Acquisition, restructuring and other costs	**(5,545)**	(15,589)	**(11,975)**	(34,072)
Total	**(153,056)**	(150,174)	**(289,298)**	(284,231)

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

- Direct costs decreased by $1.8 million, or 14%, for the three months ended December 31, 2023, and by $6.5 million, or 24%, for the six months ended December 31, 2023, when compared to the equivalent periods in the prior year. This decrease was primarily driven by lower charges from third party vendors due to acquisition-related changes in product mix and the sale of TMG on August 3, 2023.

(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 and certain revenue accrual adjustments).

(2) Annual Contracted Revenue includes minimum committed levels of annual recurring revenue (ARR) plus revenue from contracted overages and other service agreements.

- Technology and operations expenses increased by $4.8 million, or 22%, and by $7.6 million, or 16%, for the three and six months ended December 31, 2023, respectively, compared to the equivalent period 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, partially offset by synergies realized and the sale of TMG on August 3, 2023.
- General and administrative expenses increased by $1.0 million, or 11%, for the three months ended December 31, 2023, compared to the equivalent period in the prior year and decreased by $0.2 million, or 1%, for the six months ended December 31, 2023, compared to the equivalent period in the prior year. For the three months ended December 31, 2023, the increase was primarily attributable to the impact of acquisitions completed in the current quarter. For the six months ended December 31, 2023, salary expense reductions as a result of the cost reduction initiative announced in the current period and the sale of TMG were only partially offset by completed acquisitions.

- Finance costs increased by $10.6 million, or 28%, for the three months ended December 31, 2023, compared to the equivalent period in the prior year and by $29.7 million, or 54%, for the six months ended December 31, 2023, compared to the equivalent period in the prior year. The increase was primarily due to higher interest expense and higher loan balances, as well as unfavourable non-cash net impacts in the current year from changes in the fair value of the Convertible Debentures, compared to a smaller unfavourable net impact for the three months ended December 31, 2023, and a favourable non-cash net impact for the six months ended December 31, 2023. Additional financing costs were also incurred relating to the Substantial Issuer Bid and Private Placement closed on November 6, 2023.

- Amortization, depreciation, and impairment increased by $2.4 million, or 6%, and by $3.7 million, or 5%, for the three and six months ended December 31, 2023, respectively, compared to the equivalent period in the prior year. The increase in amortization and depreciation was driven by charges relating to the impairment of onerous leases, but partially offset by the decrease of amortization from the divestiture of TMG.

- Acquisition, restructuring, and other costs decreased by $10.0 million, or 64%, for the three months ended December 31, 2023, and by $22.1 million, or 65%, for the six months ended December 31, 2023, respectively, compared to the equivalent periods in the prior year. This decrease in acquisition, restructuring and other costs related to significant costs incurred in the comparable periods related to the TMG sale and the proposed acquisition of Link Administration Holdings Limited, which did not close.

Adjusted Net Income

Adjusted Net Income for the three months ended December 31, 2023, decreased by $6.2 million, or 50%, from $12.5 million to $6.3 million, compared to the equivalent period in the prior year. For the six months ended December 31, 2023, Adjusted Net Income decreased by $13.8 million, or 42%, from $33.2 million to $19.4 million, compared to the equivalent period in the prior year. The decrease in Adjusted Net Income for the three months ended December 31, 2023, was primarily due to higher realized financing costs and higher depreciation on assets excluding acquired intangibles. The decrease in Adjusted Operating Expenses for the three months ending December 31, 2023, was primarily due to the cost reduction initiative announced in the prior year, net of the impact from acquisitions and sale of TMG.

Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted Net Income and Adjusted 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, data insights, due diligence and payment infrastructure product lines do 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)	Q2 2024	Q1 2024	Q4 2023	Q3 2023
	$	$	$	$
Revenue	110,178	120,084	120,193	104,094
Total expenses(1)	144,937	133,596	209,372	139,241
Net loss	(34,759)	(13,512)	(89,179)	(35,147)
Adjusted operating expenses (2)	50,164	51,384	54,503	48,033
Adjusted Net Income (2)	6,294	12,316	12,611	7,900
EBITDA(2)	47,638	58,589	(18,374)	32,930
Adjusted EBITDA(2)	60,014	68,700	65,690	56,061
Adjusted EBITDA Margin(1) (% of revenue)	54%	57%	55%	54%
Net loss per common share	(0.63)	(0.25)	(1.60)	(0.63)
Net loss per diluted share	(0.63)	(0.25)	(1.60)	(0.63)
Basic Adjusted Net Income per share (2)	0.11	0.22	0.23	0.14
Dilluted Adjusted Net Income per share (2)	0.11	0.22	0.23	0.14
Driven by real estate transactions(3)	44%	49%	58%	50%
Driven by real estate transactions in Canada(3)	19%	27%	33%	26%
Annual Recurring Revenue (ARR) contracted(3)	27%	25%	18%	19%
Annual Contracted Revenue (4)	49%	46%	39%	37%

Note:

(1) Includes income tax expense (recovery).
(2) EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, Basic Adjusted Net Income per share, Diluted Adjusted Net Income per share and Adjusted Operating Expenses are not recognized measures under IFRS. See “Cautionary Note Regarding Non-IFRS Measures”.
(3) Percent of consolidated revenue, excludes TMG and other non-recurring adjustments. Some prior quarters have been restated for comparability.
(4) Annual Contracted Revenue includes minimum committed levels of annual recurring revenue (ARR) plus revenue from contracted overages and other service agreements.

Quarterly Results

(In thousands of Canadian dollars, except per share data)	Q2 2023	Q1 2023	Q4 2022	Q3 2022
	$	$	$	$
Revenue	106,651	120,167	129,672	122,880
Total expenses(1)	141,469	131,666	132,927	129,906
Net loss	(34,818)	(11,499)	(3,255)	(7,026)
Adjusted operating expenses (2)	49,075	55,720	54,500	56,090
Adjusted Net Income (2)	12,514	20,689	33,325	14,077
EBITDA(2)	33,943	40,646	52,311	48,652
Adjusted EBITDA(2)	57,576	64,447	75,172	66,790
Adjusted EBITDA Margin(1) (% of revenue)	54%	54%	58%	54%
Net loss per common share	(0.52)	(0.17)	(0.05)	(0.10)
Net loss per diluted share	(0.52)	(0.21)	(0.05)	(0.45)
Basic Adjusted Net Income per share (2)	0.19	0.30	0.44	0.20
Dilluted Adjusted Net Income per share (2)	0.19	0.30	0.44	0.20
Driven by real estate transactions(3)	54%	62%	68%	67%
Driven by real estate transactions in Canada(3)	30%	37%	45%	42%
Annual Recurring Revenue (ARR) contracted(3)	16%	13%	10%	7%

Note:

(1) Includes income tax expense (recovery).
(2) EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, Basic Adjusted Net Income per share, Diluted Adjusted Net Income per share and Adjusted Operating Expenses are not recognized measures under IFRS. See “Cautionary Note Regarding Non-IFRS Measures”.
(3) Percent of consolidated revenue, excludes TMG. Prior periods adjusted for comparability purposes.

Revenue

Current quarter revenue decreased from the previous quarter as a result of the TMG sale and lower real estate transaction volume, partially offset by the impact of acquisitions in the current quarter.

Expenses

The current quarter, when compared to the prior quarter, had higher total expenses, resulting primarily from unfavourable non-cash changes in the fair value of the Convertible Debentures. Adjusted Operating Expenses (1) were overall favourable by $1.2 million, with savings of $5.0 million from the sale of TMG in the previous quarter partially offset by increased Adjusted Operating Expenses from in-quarter acquisitions of $2.1 million and other increases. Q4 2023 included an impairment charge on assets held for sale of $66.7 million relating to the sale of TMG. Excluding the impact of the sale of TMG, the quarter-over-quarter variance in total expenses for all periods is primarily due to higher amortization expense from intangible assets acquired, changes in expenses incurred for acquisitions and restructuring costs, and additional finance costs in the periods with re-financing and higher interest rates. In addition, there was a decrease in finance cost in Q4 2022 and Q3 2022 due to the gain of $7.3 million and $38.4 million, respectively, resulting from change in fair value of the Convertible Debentures. Total expenses will continue to fluctuate based on the timing of acquisitions and financing-related activities.

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(1) Adjusted 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.

Financial Condition

(In thousands of Canadian dollars)	December 31, 2023	June 30, 2023
	$	$
Cash, cash equivalents and restricted cash	34,738	36,265
Total assets	2,067,347	2,090,153
Total liabilities	1,668,999	1,667,273

Cash and cash equivalents remained relatively stable from June 30, 2023, to December 31, 2023, with net cash used in financing activities of $70.8 million and net cash used in investing activities of $15.0 million being offset by net cash provided by operating activities of $87.2 million before foreign exchange impacts. The financing activities primarily related to additional net payments towards loans and borrowings of $10.4 million and interest paid on the credit facility and the Convertible Debentures of $67.3 million, offset by cash received from the issuance of New Debentures of $12.2 million. The net cash used by investing activities is mainly attributable to acquisition consideration paid and additions to intangible assets on software development, partially offset by the proceeds of the TMG sale.

Total assets decreased from June 30, 2023, to December 31, 2023, primarily as a result of the sale of TMG, partially offset by increases in receivables, prepaids, right-of-use assets, cash from the New Debentures and from additional goodwill from acquisitions.

Total liabilities remained relatively stable from June 30, 2023, to December 31, 2023. The current period includes increases from holdbacks on acquisitions completed during the fiscal year, the completion of the Private Placement for New Debentures, mark-to-market adjustments on our hedging instrument, higher lease liabilities and a higher deferred tax liability. This is partially offset by the sale of TMG and lower trade payables and accrued liabilities in the current year.

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 condensed consolidated interim financial statements.

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 December 31,**		**Six months ended December 31,**	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Net cash provided by operating activities	**44,573**	28,403	**87,170**	69,433
Net cash provided (used) by financing activities	**8,126**	(183,276)	**(70,808)**	(210,024)
Net cash provided (used) in investing activities	**(31,031)**	(32,341)	**(15,021)**	(40,098)
Change in cash during the period	**21,669**	(187,214)	**1,341**	(180,689)
Cash and cash equivalents, beginning of period	**20,454**	229,496	**36,265**	223,619
Effect of foreign exchange on cash	**(7,385)**	2,000	**(2,868)**	1,352
Less cash grouped in asset for sale	**-**	(9,477)	**-**	(9,477)
Cash, cash equivalents and restricted cash, end of period	**34,738**	34,805	**34,738**	34,805

Net cash provided by operating activities for the three and six months ended December 31, 2023, was $44.6 million and $87.2 million, respectively, compared to $28.4 million and $69.4 million for the equivalent periods in the prior year. The increase in net cash provided by operating activities in both periods was primarily due to higher net income adjusted for interest and items not affecting operating cash flows and lower tax payments, partially offset by a larger increase in working capital balances compared to the equivalent periods last year.

Net cash provided by financing activities for the three months ended December 31, 2023, was $8.1 million. The financing activities primarily related to draws on the DDTL Facility (as defined below) of $30.2 million and cash received from the issuance of New Debentures of $12.2 million, offset by interest paid on the Ares Credit Facility of $31.2 million as well as other financing related outflows. Net cash used by financing activities for the six months ended December 31, 2023, was $70.8 million, mainly as a result of interest payments and net borrowing of $10.4 million after repayments funded by the proceeds of the TMG sale. In comparison, net cash used by financing activities for the three months ended December 31, 2022, was $183.3 million, relating mostly to shares repurchased under a normal course issuer bid ("Normal Course Issuer Bid") and Substantial Issuer

Bid of $196.2 million and interest paid on the Ares Credit Facility, offset with net borrowings of $40.0 million. Net cash used by financing activities for the six months ended December 31, 2022, was primarily related to additional interest payments.

Net cash used in investing activities for the three months ended December 31, 2023, was $31.0 million, mainly attributable to acquisition consideration paid and additions to intangible assets of $9.5 million driven by development work related to the UK and Canada product enhancements. Net cash used in investing activities for the six months ended December 31, 2023, was $15.0 million, with proceeds from the TMG sale of $75.3 million being offset by acquisition consideration paid and development work related to the UK and Canada product enhancements. In comparison, net cash used in investing activities for the three and six months ended December 31, 2022, was $32.3 million and $40.1 million, respectively, related primarily to acquisition consideration paid and capitalized software development work.

Capital Expenditures

Capital expenditures for the three and six months ended December 31, 2023, was $9.5 million and $21.1 million, compared to $6.4 million and $12.6 million, respectively, for equivalent periods in the prior year. Capital expenditures primarily represent our continued investment to enhance and further develop our existing platforms and purchase of software. In the current fiscal year, a large portion of our capital expenditures relate to the global roll-out of the New Unity Global platform and product enhancements in the UK and Canada.

Credit Facilities

Ares Credit Facility

On December 3, 2021, the Company settled its then existing 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 Original Debentures are outstanding as of 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 Convertible Debentures by issuing and delivering 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 Toronto Stock Exchange (“TSX”).

Subsequent to December 31, 2023, the Company retired $160 million of its Original Debentures in exchange for cash and New Debentures. During the six months ended December 31, 2023, the Company repaid $49.8 million, $9.3 million, and $25 million toward the Initial Term Loan, DDTL Facility, and the Revolving Facility, respectively, and drew $73.8 million under the DDTL Facility. As of December 31, 2023, $190.7 million was drawn under the DDTL Facility, incurring financing fees of $2.3 million ($1.4 million deferred on December 31, 2023), and $30 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 first-ranking security over all present and after-acquired properties and assets. As of December 31, 2023, the Company was in compliance with its covenants.

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

	$
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**

During Q2 2024, the Company entered into an interest rate swap, which exchanged its floating interest rate obligation on a notional $250 million of the 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. Any subsequent changes in fair value are recorded in other comprehensive loss 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.

Use of Proceeds

The Company's use of proceeds from its initial public offering 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 condensed consolidated statement of interim 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 December 31, 2023, was 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

Financial Instruments and Other Instruments

In February 2021, the Company issued $345.0 million of Original Debentures bearing interest at a rate of 3.75% per annum payable semi-annually. The Original Debentures are convertible into common shares of the Company at a conversion price of $73.23 per share. The Company determined that the Original Debentures did not meet the IFRS definition of equity due to the Company's ability to settle the Original Debentures in cash if the holders elect to exercise the conversion option in accordance with the terms of the Original Debentures. Changes in the fair value of Original 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 Original 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 Debentures, with certain adjustments to calculate the fair value of the Original Debenture as of December 31, 2023, was $259.6 million, resulting in a $8.1 million loss recognized through income on change in fair value for the six months ended December 31, 2023.

On January 16, 2024, the Company announced the results of the Substantial Issuer Bid first announced on October 20, 2023. Following a series of expansions, the Company retired $160 million in aggregate principal amount of its issued and outstanding Original Debentures under the Substantial Issuer Bid and (i) paid $36.1 million in cash in consideration of $48 million in principal amount of Original Debentures for which a cash consideration election was made; and (ii) issued $140 million in principal amount of New Debentures in consideration of $112 million in principal amount of Original Debentures for which a New Debenture election was made. The transactions were executed and settled on January 22, 2024.

On November 6, 2023, the Company announced that it had closed its previously announced Private Placement of $20.4 million aggregate principal amount of New Debentures. The gross proceeds of $12.2 million from the Private Placement will be used to fund a portion of the purchase price of the Substantial Issuer Bid. 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 New Debentures issued from the Private Placement are measured at fair value through profit and loss and classified as Level 2 in the fair value hierarchy. The fair value has been determined with reference to the formal valuation conducted as part of the Substantial Issuer Bid.

Critical Accounting 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 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 consolidated 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 condensed consolidated interim 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 Contingent Consideration Receivable

The fair value of the contingent consideration receivable following the sale of TMG 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.

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.sedarplus.ca. 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, 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 Ares 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 of December 31, 2023, after giving effect to the Company's interest rate swap, a 1% change in the CDOR rate, with all other variables held constant, would change finance costs and income before taxes by $4.1 million on the loans, for the six months ended December 31, 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, interest rate swap settlements, trade and other payables, accrued liabilities, customer advances, lease liabilities and contingent consideration are exposed to liquidity risk.

The Ares Credit Facilities of the Company currently consist of (i) a senior secured revolving credit facility in an aggregate principal amount of $75,000,000 maturing on December 3, 2026; (ii) a senior secured initial term loan facility in an aggregate principal amount of $1,520,000,000 maturing on December 3, 2027; and (iii) a senior secured delayed draw term loan facility in an aggregate principal amount of $200,000,000 maturing on December 3, 2027. Additionally, the Ares Credit Facilities contain mandatory prepayments, restrictive covenants, events of default which require the Company not to exceed a prescribed consolidated total net leverage ratio at any time when the amount borrowed under the revolving credit facility exceeds a specified threshold. To the extent the Original Debentures are outstanding as of September 30, 2025, the Credit Facilities will all have an accelerated maturity date of September 30, 2025. The ability of the Company to make payment on the accelerated maturity date or to refinance its debt obligations, including the Ares Credit Facilities, depends on the Company's financial condition and operating performance, which are subject to a number of factors beyond the Company's control. The Company's inability to generate sufficient cash flow to satisfy its debt obligations on the required maturity dates, or to refinance its indebtedness on commercially reasonable terms or at all, would materially and adversely affect the Company's business, results of operations, and financial condition.

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's net investments in foreign subsidiaries. If deemed necessary, the Company may, from time to time, enter into foreign currency derivative contracts to reduce its exposure to foreign currency risk. No foreign currency derivative contract has been entered into for the three months ended December 31, 2023.

As of December 31, 2023, the Company had a net financial liability position denominated in British pounds of $59.8 million [£35.4 million] [2022 – net liability of $14.2 million [£8.7 million]]. As of December 31, 2023, the Company had a net financial position denominated in Australian dollars of $3.1 million [A$3.4 million] [2022 – net liability of $5.6 million [A$6.1 million]]. As of December 31, 2023, the Company had a net financial liability position denominated in South African rand of $7.6 million [ZAR$105.1 million] [2022 – nil]. A 10% change in the exchange rates of significant currencies to which the Company has exposure as of December 31, 2023, would change other comprehensive income before taxes by $6.4 million [2022 – $1.8 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 common shares. As of the date of this MD&A, 66.9 million shares, 14.2 million stock options and 0.4 million share appreciation rights are issued and outstanding.

On September 28, 2023, the TSX approved the Normal Course Issuer Bid to acquire a portion of its outstanding common shares, as appropriate opportunities arise from time to time, for cancellation over the next 12 months. The Company is authorized to acquire up to a maximum of 2.9 million of its shares, or approximately 10% of the public float of 29.2 million common shares as of September 18, 2023, for cancellation over the next 12 months. The Company began to purchase its common shares on or about October 2, 2023, and the bid will terminate on October 1, 2024, or such earlier time as the Company completes its purchases pursuant to the bid or provides notice of termination. Any common shares purchased under the Normal Course Issuer Bid will be cancelled upon their purchase. As of December 31, 2023, 0.1 million shares have been purchased for the total consideration of $1.5 million.

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 December 31, 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 TMG, which was sold on August 3, 2023, and other acquisitions over the last trailing twelve months.

The contribution of other acquisitions to our consolidated revenue for the three and six months ended December 31, 2023, was less than 20% and 17% of total revenues, respectively. Additionally, as of December 31, 2023, current assets and current liabilities of other acquisitions were below 8% 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.

TMG's contribution to our consolidated revenue for the six months ended December 31, 2023, was less than 3% of total revenues. As of August 3, 2023, the entirety of TMG's assets and liabilities have been derecognized on sale.