As at December 31, 2016 (in thousands of Canadian dollars)		Franchise		Consumer Products and Services		Corporate and Consolidated		Consolidated
Cash and cash equivalents	$	6,641	$	187	$	996	$	7,824
Trade and other receivables		10,683		108		1,622		12,413
Intangible assets		128,617		8,824		-		137,441
Goodwill		60,726		22,039		-		82,765
Capital and other assets		2,245		12,564		2,919		17,728
Total assets	$	208,912	$	43,722	$	5,537	$	258,171
Accounts payable and accrued liabilities	$	10,594	$	781	$	2,541	$	13,916
Loans and borrowings		15,234		4,171		13,050		32,455
Deferred tax		31,019		(6)		(4,533)		26,480
Other liabilities		1,507		370		-		1,877
Total liabilities	$	58,354	$	5,316	$	11,058	$	74,728
Revenue	$	22,305	$	633	$	-	$	22,938
Direct costs		4,585		4		-		4,589
Acquisition and due diligence costs		-		-		3,365		3,365
General and administrative		6,551		534		5,501		12,586
Share-based payments		-		-		6,065		6,065
Finance expense		297		6		2,593		2,896
Other expenses		1,846		127		1,084		3,057
Income (loss) before tax	$	9,026	$	(38)	$	(18,608)	$	(9,620)

18. REVENUES

(in thousands of Canadian dollars)		**For the 12 months ended December 31, 2017**		For the 15 months ended December 31, 2016
Franchising revenue, mortgage brokerage services	**$**	**37,613**	$	22,013
Brokering of mortgages		**468**		191
Memberships and dues revenue		**18,455**		520
Radio and radio accessories		**9,395**		-
Print and print services		**10,143**		-
Supplementary services revenue and other revenue		**6,831**		214
	$	**82,905**	$	22,938

Revenues reflect the amounts earned from the closing date of the Impact and AG acquisitions (March 1, 2017, and October 31, 2017, respectively) to December 31, 2017. Amounts for DLC and Club16 reflect a full year of operations as they were acquired on June 3, 2016, and December 20, 2016, respectively. Prior year revenues reflect those amounts from the date of acquisition.

19. GENERAL AND ADMINISTRATIVE EXPENSES

The components of general and administrative expenses include the following:

(in thousands of Canadian dollars)		**For the 12 months ended December 31, 2017**		For the 15 months ended December 31, 2016
Salary and salary-related	**$**	**21,327**	$	6,448
Office, administration and rent		**16,288**		1,961
Advertising, promotion and travel		**3,760**		1,710
Professional fees		**1,930**		1,582
Management and consulting fees		**1,835**		803
Regulatory and filing fees		**91**		82
	$	**45,231**	$	12,586

General and administrative expenses reflect the amounts earned from the closing date of the Impact and AG acquisitions (March 1, 2017, and October 31, 2017, respectively) to December 31, 2017. Amounts for DLC and Club16 reflect a full year of operations as they were acquired on June 3, 2016, and December 20, 2016, respectively. Prior year general administrative expenses reflect those amounts from the date of acquisition.

20. INCOME TAXES

The components of the Corporation's tax expense are as follows:

Total income tax expense differs from the amount that would arise using the combined Canadian federal and provincial statutory tax rate of 26.1% (2016—26.5%). Below is a reconciliation of income taxes calculated at the combined statutory rates to the tax expense recorded for 2017 and 2016:

(in thousands of Canadian dollars)		**For the 12 months ended December 31, 2017**		For the 15 months ended December 31, 2016
Loss before tax	**$**	**1,413**	$	9,620
Loss before tax multiplied by the statutory rate of 26.1% (2016—26.5%)		**369**		2,549
Effect of:				
Change in unrecognized temporary differences		**-**		2,413
Permanent differences		**78**		(1,857)
Change in tax rates and rate differences		**(987)**		(367)
Other		**1,296**		(397)
Total tax recovery	**$**	**756**	$	2,341

Deferred tax assets and liabilities for the year ended December 31, 2017, and the year ended December 31, 2016, consist of the following:

(in thousands of Canadian dollars)		**As at December 31, 2017**		As at December 31, 2016
Deferred tax liabilities				
Intangible assets	$	**(40,247)**	$	(34,384)
Capital assets		**(3,752)**		-
Goodwill		**(251)**		-
		(44,250)		(34,384)
Deferred tax assets				
Non-capital loss carryforwards		**8,063**		4,997
Capital assets		**1,628**		1,662
Warranty provisions		**104**		-
Share issuance costs		**596**		669
Other		**340**		576
		10,731		7,904
Net deferred tax liability	**$**	**(33,519)**	$	(26,480)

For the purposes of the preceding table, deferred income tax liabilities are shown net of offsetting deferred income tax assets where these occur in the same entity and jurisdiction.

As at December 31, 2017, the Corporation has non-capital loss carryforwards of $29,873 thousand (December 31, 2016—$18,712 thousand). These Canadian tax losses expire between 2024 and 2037. The Corporation has determined that it is more likely than not that future taxable profit will be available to utilize these losses.

Continuity of the deferred tax liability is as follows:

(in thousands of Canadian dollars)		**As at December 31, 2017**		As at December 31, 2016
Balance, beginning of year	$	**(26,480)**	$	-
Deferred tax on acquisition of subsidiaries (note 4)		**(11,824)**		(32,691)
Deferred tax recognized in equity		**(421)**		830
Deferred tax recovery in net loss		**4,917**		4,893
Other		**289**		488
Net deferred tax liability	**$**	**(33,519)**	$	(26,480)

21. LOSS PER SHARE

(in thousands of Canadian dollars)		**For the 12 months ended December 31, 2017**		For the 15 months ended December 31, 2016
Net loss attributable to shareholders	**$**	**(6,212)**	$	(9,794)
Basic weighted average number of shares		**37,523,300**		23,254,133
Effect of dilutive securities		**-**		-
Diluted basic average number of shares		**37,523,300**		23,254,133
Basic loss per share	**$**	**(0.17)**	$	(0.42)
Diluted loss per share	**$**	**(0.17)**	$	(0.42)

As at December 31, 2017, there were 3,109,745 share options (December 31, 2016—3,023,078), nil DSUs (December 31, 2016—623,663) and 2,566,557 warrants (December 31, 2016—513,664) outstanding that were considered anti-dilutive (see note 16).

22. SUPPLEMENTAL CASH FLOW INFORMATION

The changes in non-cash working capital are as follows:

(in thousands of Canadian dollars)		**For the 12 months ended December 31, 2017**		For the 15 months ended December 31, 2016
Trade and other receivables	**$**	**836**	$	(3,484)
Prepaids and other assets		**(446)**		(573)
Notes receivable		**(32)**		(84)
Inventories		**1,198**		-
Accounts payable and accrued liabilities		**(3,543)**		1,648
Deferred revenue		**622**		(88)
Other current liabilities		**(706)**		328
	$	**(2,071)**	$	(2,253)
Changes in non-cash operating working capital		**(1,505)**		(2,253)
Changes in non-cash investing capital		**(566)**		-
	$	**(2,071)**	$	(2,253)

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Board of Directors has overall responsibility to establish and oversee the Corporation's risk management framework. The Board of Directors has implemented risk management policies, monitors compliance with them, and reviews them regularly to reflect changes in market conditions and in the Corporation's activities.

The Corporation's financial risk management policies have been established to identify and analyze risks faced by the Corporation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Corporation employs risk management strategies to ensure our risks and related exposures are consistent with the Corporation's business objectives and risk tolerance levels. While the Board of Directors has the overall responsibility for the Corporation's risk management framework, the Corporation's management has the responsibility to administer and monitor these risks.

The Corporation is exposed in varying degrees to a variety of risks from its use of financial instruments, which mainly include cash and cash equivalents, trade and other receivables, loans and borrowings, investments, and trade payables and accrued liabilities. Because of the use of these financial instruments, the Corporation and its subsidiaries are exposed to risks that arise from their use, including market risk, credit risk and liquidity risk. This note describes the Corporation's objectives, policies and processes for managing these risks and the methods used to measure them.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise foreign exchange risk and interest rate risk.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Corporation's exposure to foreign exchange fluctuations is limited to the balances in its USD bank accounts, USD loans and borrowings, and Impact operations, as a significant portion of its business is conducted in USD. Changes in the USD exchange rate can increase or decrease revenues, income from operations, net income and the carrying values of Impact's assets and liabilities. At December 31, 2017, the USD cash balance is USD $1,614 thousand (CAD $2,024 thousand), compared to USD $37 thousand (CAD $44 thousand) at December 31, 2016. The USD loans and borrowing balance is USD $42,000 thousand (CAD $52,689 thousand); at December 31, 2016, it was USD $nil. Management has assessed that the Corporation's exposure to foreign exchange risk at December 31, 2017, is high and monitors foreign exchange rates on an ongoing basis. A 10% strengthening of the U.S. dollar against the Canadian dollar would result in a $5,297 thousand decrease in net income before tax for the year ended December 31, 2017 (December 31, 2016—$4 thousand increase).

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is exposed to interest rate risk on its variable rate loans and borrowings. A 1% change in the interest rates on the loans and borrowings would have a $578 thousand impact on net income for the year ended December 31, 2017 (December 31, 2016—$165 thousand).

Credit risk

Credit risk is the risk of financial loss to the Corporation if a counterparty to a financial instrument fails to meet its contractual obligations. The Corporation's credit risk is mainly attributable to its cash and cash equivalents and trade and other receivables.

The Corporation has assessed its exposure to credit risk on its cash and cash equivalents and has determined that such risk is minimal as the Corporation's cash and cash equivalents are held with financial institutions in Canada.

Our primary source of credit risk relates to AG customers and DLC's franchisees and agents not repaying receivables. DLC manages its credit risk by performing credit risk evaluations on its franchisees and agents, and by monitoring overdue trade and other receivables. AG manages its credit risk through evaluation and by monitoring overdue trade and other receivables. Another source of credit risk comes from Impact's customers not paying amounts owed to Impact, which is also managed by performing credit risk evaluations and monitoring overdue trade receivables. The management teams of AG, DLC and Impact establish an allowance for doubtful accounts based on the specific credit risk of their customers. As at December 31, 2017, $960 thousand (December 31, 2016—$165 thousand) of our trade receivables are greater than 90 days' outstanding. A decline in economic conditions, or other adverse conditions, could lead to a reduced revenue and gross margin, and could impact the collectability of the accounts receivable. The Corporation mitigates this risk by monitoring economic conditions and managing its customer credit risk.

The Corporation's maximum exposure to credit risk, as related to certain financial instruments identified in the table below, approximates the carrying value of the assets of the Corporation's consolidated statement of financial position.

(in thousands of Canadian dollars)		**December 31, 2017**		December 31, 2016
Cash and cash equivalents	**$**	**10,316**	$	7,824
Trade and other receivables		**23,498**		12,413
Notes receivable		**342**		290
	$	**34,156**	$	20,527

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation utilizes cash and debt management policies and practices to mitigate the likelihood of difficulties in meeting its financial obligations and commitments. These policies and practices include the preparation of budgets and forecasts which are regularly monitored and updated as considered necessary.

As at December 31, 2017, contractual obligations and their maturities were as follows:

(in thousands of Canadian dollars)		**Contractual cash flow**		**Within 1 year**		**Within 5 years**
Accounts payable and accrued liabilities	**$**	**21,032**	**$**	**21,032**	**$**	**-**
Capital lease obligation		**1,017**		**359**		**658**
Loans and borrowings		**80,956**		**16,370**		**64,586**
Long-term accrued liabilities		**1,974**		**-**		**1,974**
	$	**104,979**	**$**	**37,761**	**$**	**67,218**

Capital management

The Corporation's capital structure is composed of total shareholders' equity and loans and borrowings, less cash and cash equivalents. The following table summarizes the carrying value of the Corporation's capital at December 31, 2017, and December 31, 2016.

(in thousands of Canadian dollars)	**December 31, 2017**	December 31, 2016
Loans and borrowings	**$ 77,700**	$ 32,455
Less: net cash and cash equivalents (note 5)	**(9,550)**	(7,824)
Net loans and borrowings	**$ 68,150**	$ 24,631
Shareholders' equity	**$ 101,386**	$ 106,849

The Corporation's objectives when managing capital include maintaining an optimal capital base to support the capital requirements of the Corporation and its subsidiaries, including acquisition opportunities.

The Corporation is not subject to any externally imposed capital requirements other than certain restrictions under the terms of its borrowing agreements. The Corporation is in compliance with all externally imposed capital requirements as at December 31, 2017.

Determination of fair value

In accordance with IFRS 13, fair value measurement, the Corporation considers the following fair value hierarchy in measuring the fair values of the financial instruments presented in the Corporation's consolidated statement of financial position. The hierarchy reflects the significance of the inputs used in determining the fair values of the Corporation's financial instruments.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table provides the fair values of the financial assets and liabilities in the Corporation's consolidated statement of financial position, categorized by hierarchical levels and their related classifications.

		Fair value as at December 31, 2017		
(in thousands of Canadian dollars)	**Carrying value as at December 31, 2017**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Financial assets				
Cash and cash equivalents	**$ 10,316**	**$ 10,316**	**$ -**	**$**
Trade and other receivables	**23,498**	**-**	**-**	**-**
Notes receivable	**342**	**342**	**-**	**-**
Investments (note 8)	**357**	**-**	**-**	**357**
Financial liabilities				
Bank indebtedness	**766**	**766**	**-**	**-**
Accounts payable and accrued liabilities	**21,032**	**-**	**-**	**-**
Loans and borrowings	**77,700**	**-**	**77,700**	**-**
Other current liabilities	**413**	**-**	**413**	**-**
Other long-term liabilities	**2,391**	**-**	**2,391**	**-**
Capital lease obligation	**958**	**-**	**958**	**-**
Non-controlling interest liability	**12,500**	**-**	**-**	**12,500**

(in thousands of Canadian dollars)	Carrying value as at December 31, 2016	Fair value as at December 31, 2016 Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets				
Cash and cash equivalents	$ 7,824	$ 7,824	$ -	$ -
Trade and other receivables	12,413	-	-	-
Notes receivable	290	290	-	-
Investments (note 8)	2,673	-	-	2,673
Financial liabilities				
Accounts payable and accrued liabilities	13,916	-	-	-
Loans and borrowings	32,455	-	32,455	-
Other current liabilities	636	-	636	-
Other long-term liabilities	271	-	271	-

The fair values of cash, trade and other receivables, notes receivable, accounts payable and accrued liabilities approximate their carrying values due to their short-term nature.

As at December 31, 2017, management has determined that the fair values of its loans and borrowings approximate their carrying value. The loans and borrowings are subject to floating interest rates, and the Corporation and its subsidiaries' credit risk profiles have not significantly changed since obtaining each of the facilities.

24. COMMITMENTS AND CONTINGENCIES

Consulting agreement

On January 31, 2016, DLC entered into a three-year consulting agreement whereby DLC has agreed to incur an annual amount of $350 thousand, paid quarterly, for consulting services related to promotional support.

Service agreement

On March 1, 2017, Impact entered into an inventory management service agreement with a third party to provide for the administration and maintenance of inventory held in its warehouse for an annual amount of $456 thousand USD. The service agreement expires on August 31, 2021.

Leases

The Corporation and its subsidiaries have commitments under operating leases for buildings, office space and vehicles with varying terms that expire between 2018 and 2029. The approximate lease payments remaining are as follows:

Year	**Lease payments**
2018	**$ 6,368**
2019	**6,103**
2020	**5,962**
2021	**5,094**
2022	**3,696**
Thereafter	**11,433**
	$ 38,656

Contingencies

Former employees have brought claims against AG totalling $630 thousand, related to wrongful dismissal and income earned but not paid for. On October 5, 2017, a court order was obtained requiring all claims to be consolidated into one action. The Corporation has been indemnified from these claims. Further, in the opinion of management, the outcome of the unsettled claims is not determinable. As a result, the potential for any obligation is not estimable, and no provision for settlement has been made in the financial statements.

25. RELATED PARTY TRANSACTIONS

Related party transactions and balances as at and for the year ended December 31, 2017, are described below.

Property leases

DLC, Impact and AG lease and rent office space from companies that are controlled by minority partners within the subsidiaries. During the year ended December 31, 2017, the total costs incurred under these leases was $571 thousand (December 31, 2016—$136 thousand). The lease term maturities range from 2020—2022.

Club16 leases office space and a facility for one of its fitness clubs from companies that are controlled by key management of Club16. The total costs incurred under these leases for the year ended December 31, 2017, was $400 thousand (December 31, 2016—$13 thousand). The lease term maturities range from 2020—2021.

Expenses related to these leases are recorded in general and administrative expenses and are paid monthly; as such, no amount remains payable within the Corporation's consolidated financial statements.

Sales tax receivable

On acquisition of DLC, the Corporation was indemnified against any sales tax amounts assessed based on DLC's past results. As at December 31, 2017, the Corporation has recorded a receivable due from the DLC founders in the amount of $821 thousand for the sales tax amounts payable recorded by DLC (December 31, 2016—$1,623 thousand). This receivable has been recorded in trade and other receivables in the Corporation's consolidated statement of financial position.

Corporate tax and U.S. state tax receivable

On acquisition of Impact, the Corporation was indemnified against any U.S. state sales tax and corporate tax amounts assessed based on Impact's past results. As at December 31, 2017, the Corporation has recorded a receivable due from the Impact founders in the amount of $234 thousand (December 31, 2016—$nil) for the U.S. state tax and corporate tax amounts payable recorded by Impact. This receivable has been recorded in trade and other receivables in the Corporation's consolidated financial statements.

Loans and advances

DLC has amounts due to/from companies that are controlled by key management personnel and both significant and minority shareholders of DLC. Due to amounts of $10 thousand (December 31, 2016—$31 thousand) have been included in accounts payable and accrued liabilities in the Corporation's consolidated financial statements as at December 31, 2017. Due from amounts of $21 thousand (December 31, 2016—$24 thousand) have been included in trade and other receivables in the Corporation's consolidated financial statements as at December 31, 2017.

Club16 has loans and advances due from companies that are controlled by key management personnel of Club16 in the amount of $1,800 thousand as at December 31, 2017 (December 31, 2016—$nil). The balance is included in accounts receivable in the Corporation's consolidated financial statements.

All related party loans and advances are unsecured, due on demand and non-interest bearing.

Loan guarantees

AG provided guarantees over loan advances totalling $4,500 thousand for two related party companies controlled by key management personnel. The guarantees were released subsequent to December 31, 2017.

Promissory notes

DLC had entered into two promissory notes payable totalling $2,000 thousand due to companies that are controlled by key management personnel and significant shareholders of DLC (see note 14). During the year ended December 31, 2017, interest of $108 thousand (December 31, 2016—$9 thousand) was paid on these promissory notes. These notes were fully paid in 2017.

On October 31, 2017, as part of the purchase of AG, the Corporation entered a two-year promissory note payable totalling $2,500 thousand due to vendors of AG (see note 14). During the year ended December 31, 2017, interest of $25 thousand (December 31, 2016—$nil) was accrued and is recorded as an accounts payable and accrued liabilities.

Administrative services

Club16 has entered into an agreement to provide administrative services to a company controlled by key management. Total fees charged for services under this agreement for the year ended December 31, 2017, was $98 thousand (December 31, 2016—$4 thousand). The agreement can be terminated by either party with six months' prior written notice.

On October 31, 2017, AG entered into a consulting agreement with a company controlled by key management personnel whereby AG has agreed to incur an annual amount of $108 thousand, paid monthly, for consulting services. From the date of acquisition until December 31, 2017, total fees charged under this agreement was $195 thousand (December 31, 2016—$nil).

Other

The Corporation has entered into an agreement with the non-controlling shareholders of Impact. The agreement is related to liquidation rights, and if a liquidation event occurs, the Corporation has a possible commitment to pay $1,000 thousand to these shareholders. As at December 31, 2017, a liability has been recognized for the current fair value of the liability of $632 thousand (December 31,2016—$nil).

Key management compensation

Key management personnel comprise of members of the Board of Directors and key management of the Corporation. Their compensation is as follows:

(in thousands of Canadian dollars)		**For the 12 months ended December 31, 2017**		For the 15 months ended December 31, 2016
Directors fees	**$**	**213**	$	177
Salaries and benefits		**2,933**		1,638
Share-based payments		**2,873**		5,540
	$	**6,019**	$	7,355

26. SUBSEQUENT EVENTS

Dividend payment

The Corporation declared a dividend of $0.0125 per common share for all shareholders of record as of December 29, 2017. The dividend was paid on January 12, 2018. The Corporation declared a dividend of $0.0125 per common share for all shareholders of record as of March 30, 2018. The dividend was paid on April 11, 2018.

Club16 debt amendment

On March 16, 2018, Club16 amended its existing demand credit facility. The amendment increased the credit available on term loans from $7,000 thousand to $9,000 thousand. Included in the amendment was a modification in the financial covenant which established a debt service coverage ratio to be greater than 1.05:1:00 (lowered from 1.25:1:00 previously) and greater than or equal to 1.50:1 excluding distributions. Subsequent to year-end, Club16 was notified by its lender that the lender believed Club16 had breached the debt service ratio, included in the demand credit facility, for the period ending March 31, 2018. The breach constitutes an event of default under the agreement. The lender has taken no action to date and has notified that no further action is required.

Impact—Non-controlling put option

On March 31, 2018, the option issued to the vendor of the Impact acquisition (see notes 4 and 13) expired unexercised.