DLC Releases Q2-2021 Results; Achieves $35.3 Billion in Funded Volumes YTD, Representing a 77% Increase Over the Prior Year

Vancouver, British Columbia – Dominion Lending Centres Inc. (TSXV:DLCG) ("DLCG" or the "Corporation") is pleased to report its financial results for the three and six months ended June 30, 2021 ("Q2-2021"). For complete information, readers should refer to the interim financial statements and management discussion and analysis ("MD&A") which are available on SEDAR at www.sedar.com and on the Corporation's website at www.dlcg.ca. All amounts are presented in Canadian dollars unless otherwise stated.

Reference herein to the Dominion Lending Centres Group of Companies (the "DLC Group" or "Core Business Operations") includes the Corporation and its three main subsidiaries, MCC Mortgage Centres Canada Inc. ("MCC"), MA Mortgage Architects Inc. ("MA"), and Newton Connectivity Systems Inc. ("Newton), and excludes the Non-Core Business Asset Management segment and their corresponding historical financial and operating results. The "Non-Core Business Asset Management" segment represents the Corporation's share of income in its equity accounted investments in Club16 Limited Partnership and Cape Communications International Inc. ("Impact") (collectively, the "Non-Core Assets"), the expenses, assets and liabilities associated with managing the Non-Core Assets, the credit facility with Sagard Credit Partners, and public company costs.

Q2-2021 Financial Highlights

- Record quarterly funded volumes during Q2-2021 of $21.9 billion, representing a 99% increase as compared to Q2-2020;
- Record DLC Group revenue of $21.3 million generated over Q2-2021, representing an 87% increase as compared to Q2-2020;
- Record DLC Group Adjusted EBITDA of $12.8 million in Q2-2021, representing a 124% increase as compared to Q2-2020; and
- Subsequent to the end of the quarter, the Corporation further improved leverage by making a repayment on its Sagard credit facility of USD $5.2 million (CAD $6.9 million) from free cash flows, resulting in the facility having an outstanding principal balance of USD $24.7 million as at the date hereof.

Gary Mauris, Executive Chairman and CEO, commented, "We are pleased to announce our Q2-2021 financial and operating results. First, we would like to thank our franchisees and mortgage professionals for their continued hard work over the first 6 months of the year. It has been such an incredible year thus far, which we directly attribute to our industry leading mortgage professionals. The Q2-2021 results for funded volumes, revenues and Adjusted EBITDA are the highest quarterly financial and operational results in the DLC Group's 15-year history. Further, our network generated over $35 billion of funded volumes and $21.2 million in Adjusted EBITDA over the first six months of the year. This is a phenomenal achievement for the DLC Group of Companies. And last, Newton adoption remains robust as the percentage of mortgage volumes submitted through Velocity increased by 20% from Q1-2021 and 100% relative to Q2-2020.

Selected Consolidated Financial Highlights:

Below are the highlights of our financial results for the three and six months ended June 30, 2021. The comparative results for the three and six months ended June 30, 2020, reflect the segregation of the Non-Core Assets as discontinued operations (refer to the Discontinued Operations section of this document). The current period results for the three and six months ended June 30, 2021, include the Non-Core Assets as equity accounted investments within the Non-Core Business Asset Management segment. The discontinued operations are only included in net income (loss) and net earnings (loss) per Common Share.

(in thousands, except per share)	Three months ended June 30, 2021	2020	Change	Six months ended June 30, 2021	2020	Change
Revenues	**$ 21,316**	$ 11,369	87%	**$ 35,204**	$ 20,867	69%
Income from operations	**10,741**	3,567	201%	**15,741**	6,624	138%
Adjusted EBITDA [1]	**13,502**	5,144	162%	**20,521**	9,191	123%
CDC [1] [2]	**14,470**	2,770	422%	**18,237**	5,233	248%
Free cash flow attributable to common shareholders [1]	**3,763**	(135)	NMF [3]	**7,534**	316	NMF [3]
Net income (loss)	**608**	(413)	NMF [3]	**508**	(2,129)	NMF [3]
Net income (loss) from continuing operations	**608**	2,199	NMF [3]	**508**	1,676	NMF [3]
Net loss from discontinued operations	**-**	(2,612)	100%	**-**	(3,805)	100%
Net income (loss) attributable to:						
Common shareholders	**203**	(697)	NMF [3]	**(283)**	(2,896)	90%
Non-controlling interests	**405**	284	43%	**791**	767	3%
Adjusted net income [1]	**5,456**	1,067	NMF [3]	**7,200**	1,938	272%
Diluted earnings (loss) per Common Share	**0.00**	(0.02)	NMF [3]	**(0.01)**	(0.08)	88%
Diluted adjusted earnings (loss) per Common Share [1]	**$ 0.11**	$ (0.01)	NMF [3]	**$ 0.14**	$ (0.01)	NMF [3]

(1) Please see the Non-IFRS Financial Performance Measures section of this document for additional information.

(2) The Preferred Shares were issued on December 31, 2020; as such, no dividends were paid to the preferred shareholders based on CDC in the three and six months ended June 30, 2020.

(3) The percentage change is Not a Meaningful Figure ("NMF").

(in thousands)	Three months ended June 30, 2021	2020	Change	Six months ended June 30, 2021	2020	Change
Adjusted EBITDA [1]						
Core Business Operations	**$ 12,829**	$ 5,725	124%	**$ 21,209**	$ 10,265	107%
Non-Core Business Asset Management	**673**	(581)	NMF	**(688)**	(1,074)	36%
Total Adjusted EBITDA [1]	**$ 13,502**	$ 5,144	162%	**$ 20,521**	$ 9,191	123%

(1) Please see the Non-IFRS Financial Performance Measures section of this document for additional information.

Q2-2021 Highlights

Net income for the three and six months ended June 30, 2021, increased compared to the same periods in the previous year primarily due to higher DLC Group revenues from an increase in funded mortgage volumes, partly offset by finance expense on the Preferred Share liability and an increase in net loss in the Non-Core Business Asset Management segment. The Corporation did not have discontinued operations during the three months ended June 30, 2021, compared to a loss from discontinued operations during the three months ended June 30, 2020.

Adjusted net income and adjusted EBITDA for the three and six months ended June 30, 2021, increased compared to the same periods in the previous year primarily from increased revenues from higher funded mortgage volumes, partly offset by higher operating expenses from higher personnel costs and advertising fund expenses.

Selected Segmented Financial Highlights:

Our reportable segment results reconciled to our consolidated results are presented in the table below. The segmented information for the comparative three and six months ended June 30, 2020, exclude discontinued operations results from the Non-Core Assets. The current period results for the three and six months ended June 30, 2021, include the Non-Core Assets as an equity accounted investment within the Non-Core Business Asset Management segment.

	Three months ended June 30,			Six months ended June 30,		
(in thousands)	**2021**	2020	Change	**2021**	2020	Change
Revenues						
Core Business Operations	**$ 21,316**	$ 11,369	87%	**$ 35,204**	$ 20,867	69%
Consolidated revenues	**21,316**	11,369	87%	**35,204**	20,867	69%
Operating expenses (1)						
Core Business Operations	**9,842**	6,990	41%	**17,324**	13,159	32%
Non-Core Business Asset Management	**733**	812	(10%)	**2,139**	1,084	97%
Consolidated operating expenses	**10,575**	7,802	36%	**19,463**	14,243	37%
Income (loss) from operations						
Core Business Operations	**11,474**	4,379	162%	**17,880**	7,708	132%
Non-Core Business Asset Management	**(733)**	(812)	10%	**(2,139)**	(1,084)	(97%)
Consolidated income from operations	**10,741**	3,567	201%	**15,741**	6,624	138%
Adjusted EBITDA (2)						
Core Business Operations	**12,829**	5,725	124%	**21,209**	10,265	107%
Non-Core Business Asset Management	**673**	(581)	NMF	**(688)**	(1,074)	36%
Consolidated Adjusted EBITDA (2)	**13,502**	5,144	162%	**20,521**	9,191	123%
CDC (2)	**14,470**	2,770	422%	**18,237**	5,233	248%
Free cash flow attributable to common shareholders (2)	**$ 3,763**	$ (135)	NMF	**$ 7,534**	$ 316	NMF

(1) Operating expenses comprise of direct costs, general and administrative expenses, share-based payments, and depreciation and amortization expense.

(2) Please see the Non-IFRS Financial Performance Measures section of this document for additional information.

Non-IFRS Financial Performance Measures

Management presents certain non-IFRS financial performance measures which we use as supplemental indicators of our operating performance. These non-IFRS measures do not have any standardized meaning, and therefore are unlikely to be comparable to the calculation of similar measures used by other companies and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Non-IFRS measures are defined and reconciled to the most directly comparable IFRS measure. Non-IFRS financial performance measures include Adjusted EBITDA, Adjusted net income, Adjusted earnings per share, CDC, and free cash flow. Please see the Non-IFRS Financial Performance Measures section of the Corporation's MD&A dated August 23, 2021, for the three and six months ended June 30, 2021, for further information on these measures. The Corporation's MD&A is available on SEDAR at www.sedar.com.

The following table reconciles adjusted EBITDA from loss before income tax, for continuing operations which is the most directly comparable measure calculated in accordance with IFRS:

	Three months ended June 30,		Six months ended June 30,	
(in thousands)	**2021**	2020	**2021**	2020
Income before income tax	**$ 3,637**	$ 3,455	**$ 4,317**	$ 3,436
Add back:				
Depreciation and amortization	**1,064**	1,080	**2,110**	2,171
Finance expense	**1,350**	1,520	**2,597**	3,020
Finance expense on the Preferred Share liability	**7,146**	-	**10,292**	-
	13,197	6,055	**19,316**	8,627
Adjustments to remove:				
Share-based payments	**228**	389	**1,123**	262
Foreign exchange (gain) loss	**(153)**	(1,293)	**(211)**	355
Loss on contract settlement	**355**	89	**441**	203
Other expense	**(175)**	(132)	**(238)**	(292)
Acquisition, integration and restructuring costs	**50**	36	**90**	36
Adjusted EBITDA (1)	**$ 13,502**	$ 5,144	**$ 20,521**	$ 9,191

(1) The amortization of franchise rights and relationships within the Core Business Operations of $0.7 million and $1.3 million for the three and six months ended June 30, 2021, respectively (June 30, 2020 – $0.5 million and $0.9 million) are classified as a charge against revenue and have not been added back for Adjusted EBITDA.

The following table reconciles CDC to cash flow from operating activities, which is the most directly comparable measure calculated in accordance with IFRS:

	Three months ended June 30,		Six months ended June 30,	
(in thousands)	**2021**	2020	**2021**	2020
Cash flow from operating activities	**$ 14,040**	$ 7,277	**$ 18,653**	$ 12,467
Discontinued Operations – cash flows from operating activities	**-**	(1,249)	**-**	(2,647)
Non-Core Business Asset Management – cash flows used in operating activities	**2,295**	2,792	**3,731**	4,060
Core Business Operations – cash flows from operating activities	**16,335**	8,820	**22,384**	13,880
Adjustments from Core Business Operations:				
Changes in non-cash working capital	**(4,892)**	(4,140)	**(3,180)**	(5,436)
Cash used in investing activities	**(1,306)** (1)	(4,369)	**(4,359)** (1)	(7,668)
Cash used in financing activities	**(233)**	(5,135)	**(2,656)**	(4,528)
Repayments on revolving facility	**-**	5,040	**-**	3,860
Dividends paid	**-**	2,700	**-**	5,400
Interim Dividends paid to Preferred Shareholders	**5,328**	-	**7,008**	-
Subtotal	**15,232**	2,916	**19,197**	5,508
Payout ratio	**95%**	95%	**95%**	95%
CDC	**$ 14,470**	$ 2,770	**$ 18,237**	$ 5,233
CDC attributable to Non-Core Business Asset Management segment	**$ 8,682**	$ 1,662	**$ 10,942**	$ 3,140
CDC attributable to preferred shareholders	**$ 5,788**	$ 1,108	**$ 7,295**	$ 2,093

(1) Net of $8.0 million and $10.5 million of Interim Dividends retained for use in the Non-Core Business Asset Management segment for the three and six months ended June 30, 2021, respectively.

The following table reconciles free cash flow from cash flow from operating activities, which is the most directly comparable measure calculated in accordance with IFRS:

(in thousands)	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Cash flow from operating activities	**$ 14,040**	$ 7,277	**$ 18,653**	$ 12,467
Discontinued Operations – cash flows from operating activities	**-**	(1,249)	**-**	(2,647)
Continuing Operations – changes in non-cash working capital and other non-cash items	**(4,030)**	(3,097)	**(2,701)**	(4,769)
Cash provided from continuing operations excluding changes in non-cash working capital and other non-cash items	**10,010**	2,931	**15,952**	5,051
Adjustments:				
Distributions from equity accounted investees [1]	**471**	-	**721**	-
Maintenance CAPEX [1]	**(615)**	(1,063)	**(1,080)**	(1,101)
NCI portion of cash provided from continuing operations	**(409)**	(1,917)	**(781)**	(3,447)
Lease payments [1]	**(136)**	(101)	**(276)**	(202)
Acquisition, integration and restructuring costs [1]	**50**	36	**90**	36
Loss on contract settlement [1]	**355**	53	**441**	121
Other items [1]	**(175)**	(74)	**(238)**	(142)
CDC attributable to preferred shareholders	**(5,788)**	-	**(7,295)**	-
Free cash flow attributable to common shareholders	**$ 3,763**	$ (135)	**$ 7,534**	$ 316

(1) Amounts presented reflect the Corporation's common shareholders' proportion and have excluded amounts attributed to NCI holders.

The following table reconciles adjusted net income from net income (loss), which is the most directly comparable measure calculated in accordance with IFRS:

(in thousands)	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Net income (loss)	**$ 608**	$ (413)	**$ 508**	$ (2,129)
Add back:				
Discontinued operations	**-**	2,612	**-**	3,805
Foreign exchange (gain) loss	**(153)**	(1,293)	**(211)**	355
Core Business Operations' net income attributable to preferred shareholders	**(2,335)**	-	**(3,678)**	-
Finance expense on the Preferred Share liability	**7,146**	-	**10,292**	-
Loss on contract settlement	**355**	89	**441**	203
Other income	**(175)**	(132)	**(238)**	(292)
Acquisition, integration and restructuring costs	**50**	36	**90**	36
Income tax effects of adjusting items	**(40)**	168	**(4)**	(40)
Adjusted net income	**$ 5,456**	$ 1,067	**$ 7,200**	$ 1,938
Adjusted net income (loss) attributable to common shareholders	**5,051**	(296)	**6,409**	(437)
Adjusted net income attributable to non-controlling interest	**405**	1,363	**791**	2,375
Diluted adjusted earnings (loss) per Common Share	**$ 0.11**	$ (0.01)	**$ 0.14**	**$** (0.01)

About Dominion Lending Centres Inc.

The DLC Group is Canada's leading and largest network of mortgage professionals with over $51 billion in annual funded mortgage volumes in fiscal 2020. The DLC Group operates through DLC and its three main subsidiaries, MCC Mortgage Centre Canada Inc., MA Mortgage Architects Inc., and Newton Connectivity Systems Inc., and has operations across Canada. The DLC Group's extensive network includes over 7,300 agents and over 520 locations. Headquartered in British Columbia, the DLC Group was founded in 2006 by Gary Mauris and Chris Kayat.

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